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# ***JPRS Report***

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## **Near East & South Asia**

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17 AUGUST 1987

# NEAR EAST & SOUTH ASIA

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ALGERIA

NEAR EAST

AMBASSADORS MEET BENDJEDID; BENDJEDID ON MAGHREB UNITY

LD140448 Algiers Domestic Service in French 2200 GMT 13 Jul 87

[Excerpts] Algeria's diplomatic action was on the agenda of the meeting in Algiers of our ambassadors and their meeting today with President Bendjedid.

The head of state made a frank and exhaustive assessment of the internal and external situation.

As regards the greater profitability of foreign trade, our diplomats must contribute permanently to this by promoting national production abroad. Everywhere and in all circumstances the principle of equality of interests and reciprocity of advantages must be observed in economic relations maintained by Algeria with its partners. The stake involved in South-South cooperation was stressed, as well as the imperative to put it into action. The North-South dialogue is a complex and long-term task, but nonetheless inevitable and necessary.

As regards action in the region, President Chadli Bendjedid indicated that it is high time for the unity of the greater Arab Maghreb to cease to be a simple conviction affirmed by everyone and solemnly stated in texts by all states in the region and effectively become an undertaking to be pursued collectively in the field. He recalled that there is only viable and durable unity if it is founded on sound and solid bases, which supposes the rational organization of economic complementarity accompanied by political coordination.

Constructive consideration over a united greater Maghreb, he stated, is a matter for the Maghreb political leaderships concerned and the decision committing the collective future of the Maghreb will ultimately belong to the people of the region.

/9599

CSO: 4500/121

ALGERIA

NEAR EAST

BRIEFS

FLN OFFICIAL MEETS WITH PZPR'S GLOWCZYK--Algiers, 29 Jun (APS)--Abdarrazak Bouhara, member of the FLN Central Committee Permanent Secretariat in charge of foreign relations held talks on 27 June with Jan Glowczyk, PZPR [Polish United Workers Party] Politburo member and secretary of the Central Committee, and leader of a PZPR delegation currently visiting Algeria at the invitation of the FLN Party. The two sides carried out a comprehensive study of questions connected with relations between the FLN and the PZPR and prospects for their development. The two delegations were also apprised of the two parties' activities at the political and organizational levels, and they exchanged views on current international issues and questions of mutual interest. [Text] [Algiers APS in Arabic 0900 GMT 29 Jun 87] /9599

CSO: 4500/121

## VARIOUS ASPECTS OF U.S. AID TO GOVERNMENT CONDEMNED

Cairo SAWT AL-'ARAB in Arabic 19, 26 Apr, 10, 17, 24, 31 May, 21 Jun 87

[Article: "SAWT AL-'ARAB Opens the File on Egyptian-American Relations"]

[19 Apr 87 p 9]

[Text] This is the first installment in the file on Egyptian-American relations. The current developments in Egypt's circumstances on the one hand and in the concomitant features of this relationship on the other have, we considered, made it inevitable that we should open it and shed light on it.

However, we have chosen to present the details of this file in an objective manner, specifically offering a list of the profits and losses on both sides.

What have we gained from the relationship with the United States of America and what have we lost? What has America gained? Has it lost anything? Have we other alternatives to it?

In this framework we will present a survey of the impact of this relationship on all areas of national activity -- agriculture, industry, arms procurement, the economy, culture and education.

In this installment we will begin with agriculture, trying to answer the same question: What have we reaped and what has America reaped?

At the beginning of the seventies, the era of prosperous agriculture began to disappear, until the growth rate ceased to exceed 2 percent a year. That was a natural result of the pursuit of a new policy which had assumed numerous forms. The first of these forms was the opening of the door of cooperation with the United States of America, specifically, through numerous loans and grants. The Americans entered the field of agriculture in years past through a number of projects, the most important of which were:

1. The grain project, on which about \$60 million were spent, aside from what Egypt spent in pounds.
2. The California project, which had the goal of increasing Egypt's fruit and vegetable production.

3. The rice project, on which about \$27 million were spent, aside from what Egypt spent, also in Egyptian pounds.

4. The small farmer project.

This is in addition to another project to increase agricultural production and benefit from agricultural research, which American aid is financing for about \$130 million.

In spite of these millions of dollars which were spent in the sector of agriculture, the gap has continued to spread in the area of food, and agricultural imports have continued to account for 70 percent of consumption. Therefore, it has been necessary to pause before Egyptian-American cooperation in the area of agriculture to ascertain the extent to which benefit has been derived from this cooperation.

#### A Beginning and Conclusions

Dr Mustafa al-Jabali, the former minister of agriculture, said: "The Americans entered the field of agriculture through a number of projects in the past 7 years. The most important of these were the grain project, the rice project, the California project and the small farmer project, in addition to the aid which comes in the form of grain and other foodstuffs. They spent about \$60 million on the grain project and about \$27 million on the rice project, in addition to what Egypt spent in pounds. A large part of this aid, amounting to 50 percent of the volume of the aid, went in the form of salaries! This is in addition to other benefits bearing on education, housing, health and travel. Another portion of the aid also goes in the form of installations, offices and equipment, all imported from America! The final portion of the aid deals with repeated studies and research works on a very large number of subjects which have already been studied in Egypt, and these studies do not add anything new as far as our information goes. Usually they deal with our rate of consumption of grain and foodstuffs, and others deal with labor and production requirements. These studies ultimately benefit them and are done for their sake.

"Meanwhile they do not agree in any way that part of this aid should be allocated to develop some important crops such as cotton, citrus fruit and sugar cane, because these crops are produced in America and they are afraid that we will compete with them in those. That of course is a strange policy."

Dr al-Jabali added:

"A sum of American aid is also coming, which totals about \$130 million, to increase agricultural production and agricultural research, and I fear its fate will resemble that of the past sums, which have been estimated at about \$87 million. Although American aid has offered these sums to increase grain production, there has been no increase worth mentioning. The current 5-year plan has set out as one of its goals the increase in the production of grain crops to about 11 million tons, with the possibility of bringing production to 14 million tons, but production has not changed; rather, it has fluctuated between 7.7 and 7.9 million tons. By a comparison with what was

targeted in the plan, we find that a deficit of 3.3 million tons exists, and an increase has resulted in the volume of wheat and corn imports, to the point where in 1985-86 these came to 6,876,000 tons of wheat and flour and 1.8 million tons of corn.

"This indicator shows that it is not possible to rely on others in increasing agricultural output. Scholars in the Academy of Scientific Research have made national campaigns to develop the farming of rice, wheat and corn and the budget allocated to that has not exceeded 150,000 pounds a year. The result has been the planting of 100,000 feddans with Phillippine rice which caused an increase of production to 130,000 tons last year, but the officials we have have not benefitted from the aid as an auxiliary factor and have left things to repeated studies and research. Their prime concern was that since they were receiving a large portion of this aid they were happy with this alone. Thus they ignored the national effect which had become nonexistent. Here lies the risk, since in the 5-year plan which is about to end we increased by 6.5 million persons while there is a deficit in the anticipated goals of the plan of 3.3 million tons a year."

#### The Americans Admit

The research and studies that American institutes, including the development research institute, which includes members who collaborated in a book issued by the World of Knowledge titled "The Hunger Industry," and another book which appeared in Egypt titled "America and the Hunger Industry," which contains a number of figures and documents, all assert that what is known as American food aid is given to countries not in accordance with their need in terms of income or agricultural sector requirements so much as it is given to countries according to their political orientations, and the proof of that is that Egypt and Israel obtain the highest share of aid in the development area in general and agricultural development in particular. Indeed, Egypt will occupy first place as far as this consideration is concerned until Egypt joins the middle-income countries on the basis of the World Bank's breakdown.

Egypt's share of American aid also constitutes about 17.5 percent of total American aid and accounts for about a third of the share of the 10 greatest American aid-receiving countries, followed by Israel.

Therefore Dr Muhammad Abu Mandur, professor of agricultural economics at the Cairo Agriculture [Faculty], said:

"In most cases the United States of America's aid is offered only to a number of countries which pursue a reactionary policy. It sometimes under domestic pressures produces decisions which have the effect of withholding from some countries that violate human rights but they even run roughshod over these decisions which the American Congress might adopt and it gives these countries a tremendous amount of aid in secret, in the sense that this aid supports dictatorial regimes which resist human rights, from human rights to food to their rights to democracy."

Dr Abu Mandur went on:

"An important part of this aid does not enter into investment projects or the development of the agricultural sector in accordance with priorities reflecting a specific strategy, which is attention to the basic food crops, so much as it is given to serve peripheral goals which do take priority in agricultural development."

He also added,

"Egypt's share of American aid by virtue of Law 480, according to which America is offering aid to Egypt, comes to \$175 million as easy-term loans in the form of flour and wheat imports with a grace period and low interest. This leads to a slackening of the particular efforts related to development. In more than one area, the Americans have shown that food imports, especially grain, are in the first place aid to American citizens, in the sense that we are subsidizing the American citizen at the expense of the Egyptian citizen."

"This aid, furthermore, does not serve cooperative construction and the rallying of peasants about common goals so much as it aims at breaking up the cooperative movement and limiting its role in leading agricultural development. We find that it seeks out structures that are in competition with the cooperative societies and through these structures acts to thwart the organization which is supposed to perform this role."

#### Conditional Aid

The role America plays regarding the claims it makes concerning its aid to the developing countries leads to a slackening of the efforts of development, and it also connects this aid to some basic internal conditions linked to the essence of policy. Nothing gives greater proof of that than some conditions America has set out for benefiting from Law 480 aid which were presented to the "dissolved" People's Assembly, to which the opposition objected, where the grant of this aid through this law was connected to a group of basic demands, among the most important of which were the abrogation of subsidies for agricultural production accessories at that time, the setting out of special conditions on the disbursement of revenues from the sale of these crops, and also the right to review the form of spending.

#### Rejection of Reclamation

It is also to be observed that no portions of American aid are allocated to land reclamation, because the people in charge of it consider that land reclamation is not economically feasible for the investor. The statement in the American report known as the York report was as Dr Abu Mandur said: "This report severely ignored horizontal expansion through land reclamation. They know full well that a government in Egypt will not be able to stop encroachment on farmland, no matter what laws it sets out. This famous report has also given rosy dreams about the possibility of raising productivity through vertical expansion, none of which have been achieved, and here it is clear that the Americans totally reject horizontal expansion and indeed take a hostile position regarding this subject."



"It is truly sad that the officials here have adopted this view, for the reason that what has been reclaimed since the start of the cooperation with America has not exceeded 250,000 feddans."

Finally, we have had to reap further deterioration by means of this. While the agricultural balance of trade realized a surplus of \$300 million in the early seventies, we find this balance realizing a deficit of \$800 million in 1977, then the deficit rising again in 1981 to total \$2.5 billion. Finally, we ask, what has America offered us in its capacity as the unique friend in the context of policies of subordination, even with respect to food?

[26 Apr 1987 p 9]

[Text] American personnel have left no place in Egypt to which they have not spread in the name of American aid. In the Egyptian village, which accounts for two thirds of Egypt's population, American aid has managed to infiltrate through the "agency for the construction and development of the Egyptian village," to which aid allocations in just 4 years have come to \$300 million while the value of this agency's investments from the general government budget, from its establishment in July 1973 to 1985-86, have come to only 33 million pounds, and it pays 2 million pounds a year, an amount which does not conform to the magnitude of the projects the agency has assumed the task of carrying out. As Mahmud al-Sha'ir, director general of followup and evaluation of projects in the agency, said, this led to a search for foreign financing bodies. Of course, the agency has found nothing better than the American friend for financing its projects, and that was translated into the first agreement signed in 1979 between the Egyptian government, represented by the agency for the construction and development of the Egyptian village, and the American government, represented by the American Agency of International Development.

### Section Three

According to the preliminary agreements, the sum of \$75 million has been allocated through American Law 480, Section Three, bearing on the surplus sales of crops over a period of 5 years. The goal in this aid, as stated in the agreement, has been:

1. To support the policy of decentralization which the Egyptian government is pursuing relative to local government.
2. To improve the ability of the employees of local village units and the agency for the construction and development of the Egyptian village to plan, administer, finance and carry out the basic service projects which are chosen under the aegis of the local bodies, such as drinking water, roads, public warehouses, sanitary drainage and so forth.

Thus the start of the American aid agency's invasion of the Egyptian village and the agencies of local government throughout the governorates was under the claim of helping to give the economic and social development plan an impetus there.

## A Grant and Protocols

The second agreement then took place in 1980. This was called the grant agreement, and it was followed by a number of protocols the result of which was a grant whose total came to \$225 million. (Sixteen million dollars of this was for technical aid, training, and suspicious joint research on what the Egyptian village is suffering from under the aegis of the American development agency; \$209 million were also allocated to projects which were disbursed under the aegis of the agency for the construction and development of the Egyptian village after the agreement of the basic services committee, the committee which supervises the execution and followup of the agreement under the chairmanship of the head of the agency, with the membership of representatives of the Ministry of Local Government, the agency for the construction and development of the Egyptian village, the Ministry of Planning, the Ministry of Finance and the Ministry of Housing.)

The American development agency imposed the condition that it be provided with a comprehensive report on the execution of the projects every 3 months, and the agency had the right to make a visit to projects, observe them in actual conditions and make studies of them to assess whether they have achieved their purpose or not.

Grant allocations have been distributed among the various years as follows:

\$70 million in 1980, \$75 million in 1982 and \$62 million in 1984. For 1985, total allocations came to \$18 million; thus the total allocations over 5 years have been \$300 million.

## Information and Alternatives

In addition to the abovementioned conditions the American aid agency set out on the second agreement, the agency demanded that the American company Kimonex be assigned to be a consulting firm for the agency for the construction and development of the village in the area of technical aid (planning, followup, financial aspects and information). In order to shed light on the suspicious role the international agency is playing, pause briefly to consider the word "information," since the agreement has stipulated the establishment of information systems, which is what was provided through the program to establish information systems, starting at the level of the local village and government units, connected to the central level in the information center in the agency. This program was carried out in 1983, and as of this date the information centers, which Americans run, were fed by data on the social and class composition of the inhabitants of the villages, centers and governorates, and also the centers of gravity in these regions, whether they are organizations or individuals, in addition to a precise tabulation of all the problems of local society.

The information system was extended to 16 computers which were installed and put into operation in 16 governorates, connected to the central information center in the agency, in which four computers were installed.

The total items of equipment for communicating with villages, centers and governorates came to 1,626. The governorates in which the computers were installed are al-Isma'iliyah, al-Sharqiyah, al-Daqahliyah, Dumyat, al-Minufiyah, al-Gharbiyah, Kafr al-Shaykh, al-Buhayrah, al-Fayyum, Bani Suwayf, al-Minya, Asyut, Qina, Aswan and the New Valley.

According to a report issued by the agency for the development of the Egyptian village, the data base for all units in villages throughout the country has been completed.

What that means is that we have offered American intelligence, represented by the American Agency for International Development, a sublime service on a golden platter, without its going to any trouble!

#### A General Policy

In a response he made to a question to SAWT AL-'ARAB on the danger of interference by the American aid agency in the affairs of the Egyptian village, Mr Majid Mustafa al-Sha'bini, chairman of the central board of planning and followup in the agency for the construction and development of the Egyptian village, pointed out, "This agreement was authorized after People's Assembly approval of it, and consequently it is a general government policy and we do not have the right to object to it.

"With respect to the information and data which are accumulated in the computer, this consists of general information on the Egyptian village and local agencies, and can be found in clear form in our reports!"

The official added, "The agency has also taken its precautions with respect to the information and has obtained permission and agreement from the Central Mobilization and Statistics Agency!"

#### Land, Sea and Aid

Leaving the Egyptian village and its problems, which the American development agency has surveyed, and dealing with sanitary drainage, in whose execution the agency plays an important role through the agreements, we will find that the most recent news has it that the higher committee for policies, on the basis of a report from the Academy of Scientific Research and Technology, has decided to solve the problem of sanitary drainage in Alexandria, which was torn between drainage onto land and drainage into the sea, and has decided in favor of drainage onto land for more than one reason:

One, for use of the drainage water after it is treated for irrigating some crops which are farmed in the al-Bustan area in the south of the city.

Second, because of the much lower costs of drainage onto land relative to the sea. If we return to the American aid agency's role in this project, we will find that in the contract which was signed in August 1979, it imposed the condition that the sanitary drainage system in Alexandria consist of two primary treatment plants, provided that drainage take place into the sea without the provision of guarantees to avoid the pollution of the city's

coastline and the effect of this pollution on public health in the city of Alexandria and its tourist center.

These flaws were stated to [sic] the director of the American consulting firm WWCG at a session on 3 December 1981 through a report it presented to the board of directors of the sanitary drainage [authority] in Alexandria. In the minutes of the emergency meeting, the drawbacks of drainage by the sewers into the sea were stated in the words of the head of the consulting firm, who enumerated the advantages of draining it onto the desert. In the wake of this, the board of directors of the sanitary drainage authority took a decision in favor of drainage onto the desert by a unanimity of votes. However, after this decision was made, the director of the WWCG consulting firm was removed, as the price for his report, which had implicated the American aid authority, which had [advocated] the need for drainage into the sea.

On 27 December 1981, the chairman of the board of directors of the Egyptian sanitary drainage authority announced the authority's signing of the contract with the American consulting firm WWCG to review the planning the consulting firm CDM had presented, re-evaluate it and find alternate solutions for removing the city's liquid wastes rather than restrict that to drainage into the sea. On 21 December 1981, Lt Gen Muhammad Sa'id al-Masi, governor of Alexandria at that time, sent an official letter to Dr Fu'ad Muhyi-al-Din, first deputy prime minister, referring in his letter to the sanitary drainage authority's decision, which its board had taken on 3 December 1981 in the presence of the director of the WWCG firm, on the need for drainage onto the desert. However, on 16 December 1981, the head of the American aid authority sent a letter to Dr 'Abd-al-Razzaq 'Abd-al-Majid in which he threatened that the project would not be financed in the event of drainage onto the desert.

The important thing is that after drainage into the sea had been settled upon, the situation became confused. The Americans insisted on drainage into the sea, and also, which is more important, used 57 percent of the total value of the American loan assigned to the project as wages for the American experts whose assistance the aid authority had sought in making a feasibility study to discuss its failure with the project.

There is nothing strange about this when we realize that the salary of an American advisor comes to \$12,000 a month if his salary in America is just \$3,000, and comes to \$30,000 a month in Egypt if his salary in America is just \$12,000.

Then finally they are talking about the American friend's aid!

[10 May 87 p 9]

[Text] In al-Sharqiyah, among the peasants, an American beneficence was the operation of a solar energy unit through American aid which is offering something new in the area of energy. After a while, a university professor discovered that the unit was a major fraud and that what was happening was that it was operated by electricity. As to the business with the solar energy, that was only for display and observation!

The story is not a form of joke or jest but is part of a dangerous serial titled joint foreign research, the major portion of which America finances through the aid and in which many Egyptian researchers take part. It is research which is done by American organizations connected directly or indirectly to American intelligence agencies and extends from birth control to setting out models for analyzing the Egyptian economy, research on crop composition, labor and income distribution, the weight of children and racial differences between Moslems and Copts!

What is the truth about American goals in the performance of this research? What are the dangers of this research to Egyptian national security? How can it be confronted?

#### The RAND Document

The papers talked a number of years ago about a serious document which an American organization closely connected to the Pentagon, the RAND Corporation, had prepared. The document it issued revealed American goals in carrying out American surveys and analyses of Egypt and the Middle East; the document pointed out "The proposed research project is the acquisition by them of economic and political facts related to life in the Middle East, since they are sufficient to guarantee serious provisions for policy in the region. It is also proposed as well to devote special attention to economic questions and evaluate the political and economic benefits of the region and other regions in the world connected to it."

It was also stated in the document, "Profound research need not be carried out in order to determine the issues of economic development; population, water, agriculture and oil are the four most important economic issues bearing on the necessary facts to serve the enlightened policy of the United States and every other country."

The document defined the following research categories:

1. Economic and social dimensions.
2. Economic development.
3. Population.
4. Agriculture, land and water.
5. Oil.

The first category deals with the political and social dimensions in the region through a team of political and social scientists, historians and specialists in the affairs of the region from within it and abroad. The agenda of the first group (the political and social dimensions):

1. Political forces in the short run.
2. Social, political and economic forces in the long run.

3. The interests and behavior of the foreign powers related to the region. The document considers that as far as the short run is concerned it is necessary to define the forces that direct political behavior in the countries concerned and also the means these forces use to influence the conditions and results of various economic issues. As far as the long range is concerned, it is necessary to define and analyze the latent forces which are transforming the overall economic and social structure. More than that, the document demanded the performance of studies of the political forces in each of the countries of the Middle East and performance of an evaluation of present and anticipated forces to ascertain the nature of their concerns.

Samples of proposed research in each country in isolation include the following:

1. The role of military figures.
2. Stands vis-a-vis Israel.
3. The military forces available to the parties.
4. Arab relations (relations with foreign forces and the position on socialism).

#### The Service of American Interests

Dr Latifah al-Zayyat, chairman of the committee for the defense of national culture, said "We must view American aid in the research area as having the ultimate goal -- as is apparent from all American aid organizations, including the Ford foundation -- of basically serving American foreign policy. This phrase may seem very innocent, but in reality it is not, since what is meant by it is evident in a number of approaches.

"First of these is the geographic, social and human survey of the countries of the third world with the goal of preventing any changes from happening in these societies in a manner which will lead to infringement of the foreign economic policy of the United States. Ultimately this means freezing these societies' development for the better. The second goal in running this research is to learn about the radical communities which strive for change in these societies then hasten to strike at this tendency through cooperation with local entities before the influence of these radical currents expands."

The third goal or the third approach in this research, as Dr Latifah said, "is to work to prepare staffs of educated people within third world societies which will work to implant the conditions and are the United States' instrument in carrying out its plans and maintaining conditions in service of its economic interests. That is what is connected to the obstruction of development so that the countries of the third world will remain a market for American products and the multinational companies."



## Facilitating the Task

Concerning the reason regarding the American research bodies' concern over the participation of local researchers in the performance of the research, Dr Latifah pointed out, "American researchers cannot by themselves reach the objectives the research is trying to attain. Therefore, joint research efforts which will facilitate the task are necessary. However, it is necessary to point out that that does not mean that all the people taking part in the joint Egyptian-American research, or Egyptian-American research behind which Israel is hiding, are aware of this matter. Indeed, the majority of the Egyptian researchers believe that the research is not connected to politics. Supporting this belief is the method by which the research takes place. It is carried out in the form of details whose interconnection is not totally clear, which are subsequently assembled in Washington, and where researchers cannot arrive at the overall conclusions from the detail on which they have worked."

## A Kind of Espionage

While Dr Latifah al-Zayyat concentrated on the goals the joint research strives to attain, in a manner serving American foreign interests, Dr Qasim 'Abduh Qasim, professor of history in the al-Zaqaziq [Faculty of] Letters, pointed out that this research "is a kind of organized espionage by means of the people of the country and scholars who participate in this research 'with good intentions,' and thanks to the degenerate circumstances of scientific research here and the general deterioration among university professors, who find enticements in the research budget."

Dr Qasim added, "What is serious in the matter is that most Egyptian researchers, when they are made aware of the gravity of this research, point out that their fields of work are far removed from security and related matters. However, it is necessary to stress that the area of espionage is no longer as it was in the past. Research into the Egyptians' psychological makeup, the motives which drive them and their points of weakness and strength are at the present time information of high value for espionage agencies which want to penetrate the national space of the society, as happened after the liberalization and the creation of the new man that took place, for instance the ideology of individualism, 'improvisation' and the destruction of group values." Dr Qasim continued his comment on the joint research financed from abroad, especially from America, by saying "I am not a partisan of the conspiratorial interpretation of history, but it is not possible to separate what happened to us at Camp David, the liberalization, the phenomenon of pro forma religious devotion and the sale of religion in the political marketplace. This sort of research that has been carried out and this research offer the keys which through specific policies can implant new values, especially in the area of theoretical studies."

"In the area of agricultural or scientific research, we find a kind of illusion that the solution is constantly in the hands of the American friend, then the waste of tremendous money on research which has no importance for Egyptians and the presence of research bodies watching the budget for the purchase of land, buildings, cars, paying salaries and doing nothing. The

basic goal of such research is to accustom the Egyptians to laziness and reliance on others."

#### Necessary Conditions

Concerning the conditions and guarantees that must be present before the acceptance of any aid for research, Dr Aminah Rashid, professor at Cairo University, spoke and pointed out:

"The following guarantees must exist before acceptance of any aid in the area of research:

"1. The presence of a national plan for national construction and social growth.

"2. The presence of a national plan specified by people's and democratic organizations with the goal of realizing this national plan.

"3. The presence of national and democratic organizations guaranteeing the freedom of the researcher and the autonomy of his will. This cannot be separated from the researcher's national commitment in service of his national causes, indeed, to the contrary, it will guarantee the building of a true independent national personality which will help build the nation and will guarantee scientific research, technical innovation and the flourishing of man's humanity."

But are these conditions present with respect to American aid in the area of joint research?

Dr Aminah Rashid replied, "American aid in the area of research does not respond to such conditions."

She added, "The danger with foreign aid to joint research basically comes from the absence of a strong, equal relationship between the one giving the aid and the one to whom it is given. Each side has its own goals, aspirations and means, which differ from the other."

\$128,000 for Food Education for Mothers, \$59,000 To Investigate the Weight of Children at Birth and \$130,000 To Investigate the Addition of Iron to Bread!

Joint research under aid financing has addressed itself to strange areas, including for example a number of research activities which the General Teaching Hospitals and Institutes Authority's Nutrition Institute has carried out, and still is carrying out. This research is:

1. Determining the most suitable age for fortifying mother's milk:

Period of the project, 4 years from August 1983. Body contracting for it, the joint Egyptian-American committee. Amount authorized: 221,500 pounds.



2. Project to research the addition of iron to milk:

Period of the project, 2 years from July 1986. Body contracting for it, the joint Egyptian-American committee.

(The American Agency for International Development.)

Approved budget: 128,996 pounds.

3. Research into the weight of babies at birth:

Period of the project, 2 years from August 1985 to August 1987. Body contracting for it, the American Academy of Sciences.

Budget: 59,665 pounds.

4. Project to use household foods as an element helping remedy cases of diarrhea:

Period of the project, 11 months from 1 September 1986.

Body contracting for it: the national project to combat diseases of diarrhea.

Budget: 2,900 pounds.

5. Project financed by the Ministry of Planning and International Cooperation, deducted against the special account in the American program:

A. The project for food education for mothers:

Period of the project, 3 years from July 1983.

Amount approved: 128,260 pounds.

B. The project to process supplementary children's food:

Period of the project, 3 years from July 1986.

Amount being approved for the first year: 965,230 pounds.

[17 May 87 p 9]

[Text] The most dangerous thing that American aid in Egypt has realized is that mothers and children have become a field of experiments for products whose merit has not been confirmed.

Children's food and the fertility of Egyptian women, under "American investigation."

The experiment is done in Egypt then sent to the United States of America for analysis and the attainment of conclusions by means of special equipment and instruments for that.

This was disclosed by a letter the Ministry of Health sent to the Ministry of Planning last April asking for "the allocation of the sum of \$2.6 million for the project to process supplementary food for children." The letter also said,

"These formal experiments (a reference to the experiments the Nutrition Institute is carrying out on this food) will be repeatedly tested on Egyptian mothers and children in mother and child care centers until they assume concrete form in an acceptable manner." The analysis of these experiments will be done on instruments and equipment in the United States of America.

Analysis of the Egyptian personality and determination of areas of strength and weakness in it.

This affirms the "nature" of the activity to which American aid is devoted. As Dr 'Abd-al-Jalil Mustafa, professor of internal diseases at Qasr al-'Ayni, considered:

"It is not directed at the basic things which really require support and aid. There are a number of priorities in the area of health which must receive a greater share of attention and aid such as the pollution of drinking water, the problem of sanitary drainage, pollution of the environment, the absence of health education and the mediocre nature of treatment medicine, in addition to the endemic diseases which afflict the productive forces in the society, especially workers and peasants, such as bilharzia, ankylostoma, tuberculosis and other diseases that are endemic to Egyptian society and need to be confronted. However, we find that the aid is directed to areas in health which come at the bottom of the ordering of health priorities, such as family planning and the treatment of drought. A project such as family planning cannot find a place in the ordering of health priorities in Egypt, because the goal in it is to limit reproduction among the members of the Egyptian people, a technique which some experts and specialists consider to be a conspiracy against third world countries as a whole, which suffer from the problem of misuse of their manpower more than they suffer from the inflation of it or increase in it. The population increase can be a factor of strength if it is part of an ambitious scientific development plan.

"Egypt also needs attention to hospitals, medicines and health units in rural areas. These are the health priorities in Egypt. However, American aid forsakes all all the priorities which mold the health of citizens in Egypt and directs its funds to tangential issues which do not greatly influence the factors which make up the general health of the citizens. However, the problem is not just one of aid. Rather, it is a problem of the people who agree to have the aid itself directed to tangential and peripheral projects. The opposite of all the above is to be noted: the Ministry of Health has been extremely enthusiastic about these projects and they have been distributed to the agencies of the ministry to carry out research and collect the data which ultimately will revert to the Americans. As for its results, we do not know anything about them.

"We see, for example, that the General Teaching Institutes and Hospitals Authority of the Ministry of Health, the Nutrition Institute, is carrying out

a group of research projects on behalf of the American aid which ultimately will serve the goals of this aid and the people who give it. A sum of \$965,430 has been allocated to the research project which goes by the name of the process period, in the first year of the project, and it has been disbursed in the following manner:

"\$10,074 in equipment for the project, \$14,800 as wages for American experts, 10,000 pounds as incentives for Egyptians working in the project, then 24,000 Egyptian pounds and 9,490 as total administrative expenditures, aside from other expenditures, which came to \$253,530!

"To all that it should be added that the projects which were carried out with American aid entailed a group of violations, including, for example:

"1. Republican Decree 48 for 1982 regarding joint research projects stipulates, in Article Nine, that these projects' funds should be assigned to the oversight of the body supervising these projects and oversight of the Central Accounting Agency.

"The project's final accounts should be set out and conveyed to the Central Accounting Agency no more than 2 months after the conclusion of the project, accompanied by all documents and records bearing on it. However, there is no such oversight or supervision on the part of any oversight body. Indeed, there are no records, accounts or documents on disbursement and the budget and expenditures do not lie within the government budget.

"2. America imposes experts and researchers to supervise these projects, which leaves room for doubts, especially in view of what has been circulating recently, that the Egyptian security agencies refused to grant an entry visa to an American female expert, after the charge of engaging in espionage against the country had been proved. However, the American embassy intervened and put an end to the problem, and the expert came into Egypt.

"3. All information and data which are obtained through the research are sent to America and the Egyptian party does not derive any benefit from them. In addition, the analysis of this information is also done by the United States of America, in isolation from our scientists, which reduces the scientific benefit which can accrue to Egyptian scientists, while this research is supposed to take place under the oversight of scientific research. This however does not happen."

This is the view of the experts. What do the American aid authority's papers say?

The papers say that the first project to which American aid was directed in the area of health was health guidance in rural areas to help the Ministry of Health improve the health conditions of the Egyptian people by reducing the rate of population growth through the expansion of family planning services. This project began in February 1976 and went to February 1986. The Ministry of Health supervised it with \$13.9 million in financing from the United States. The United States of America provided technical supervision through the health entities the Westinghouse technical aid [program] and the Coynell brothers to

provide the goods, and the sum allocated was disbursed as salaries and bonuses for about 3,500 doctors, nurses, orderlies and maids in addition to 75 American experts and overseers.

As for the second project, that was for health care for children and mothers in the cities of Cairo and Alexandria, and the health entities in the Westinghouse health services [program] and the installation's consulting firm, Price Waterhouse. The Emery information agencies supervise the management of project information and the Armco company supervises the execution of the construction element of the project. It began with this in February 1978, it went to February 1987, and the sum of \$54.6 million was allocated to the project, which was spent in full on salaries, facilities and wages for American experts.

The third aid project was for the development of health services for the Suez area. The Ministry of Health supervises that in cooperation with the American Boston University.

This went from February 1980 to February 1987 and a sum of \$15.9 million was allocated, which was spent in full on the wages and bonuses of American doctors, nurses and experts.

The fourth of these projects was for control of drought diseases and reduction of the infant mortality rate by the national campaign to treat drought through commercial announcements on Egyptian television.

The project began in February 1981 and extended to February 1987. A sum of \$26 million was allocated, which was spent in full on the project.

The last of these projects has the goal of limiting infant and women's mortality in the period of pregnancy. This began in February 1985 and will go to February 1993. So far a sum of \$61.3 million has been allocated, which has been spent in the form of the abovementioned projects.

Concerning family planning, maternity and obstetrics, it is noted from these projects that the Americans use Egyptian mothers and children to carry out their own experiments and research.

That is underlined by a letter from the Ministry of Health in April 1986 to the Ministry of Planning requesting the allocation of a sum of \$2.6 million for the project to process supplementary food for children carried out by the Nutrition Institute. The letter also said, "These formal experiments will be repeatedly carried out on Egyptian mothers and children by the mother and child care centers until they assume concrete form in an acceptable manner." These experiments will be analyzed on machinery and equipment in the United States of America so that conclusions may be drawn from them, with the objective of analyzing the Egyptian personality and ascertaining the points of weakness and strength in it.

In conclusion, these are examples of American aid projects in the area of health. After this, don't we have the right to say that American aid in the area of health is unhealthy?

[24 May 1987 p 9]

[Text] Industry, and industry alone, can give a proper index of the progress of a given people and the extent of their independence, and consequently the level of their control over their decisions. Therefore, the first concern of colonialism, wherever it came to rest, was to destroy the existing industries in the country it colonized. The British colonial authority in Egypt repeatedly stated "Egypt is an agricultural country" in order to make it a market for its products and a source of raw materials.

Therefore, industry lay at the head of the list of the 23 July revolution's concerns. One thousand industrial projects were established, and these still represent the backbone and foundation of Egyptian industry. However, with the beginning of the seventies, al-Sadat's government pursued a different platform, which assumed the form of leaving industry to foreign and investment capital. Then began the ongoing story of cooperation with the American Agency of International Development, which began in the form of loans at 2 percent interest then was transformed into aid in 1980.

Aid, as Dr 'Abd-al-Fattah Munji, vice chairman of the General Industrialization Authority, said, is an amount of money in cash or in the form of a group of machines which are a gift that is not returned.

As to the loans, they are amounts of money in the above forms, but they are paid back on conditions which the two parties agree to which include a grace period during which agreement is made to the interest rate, which usually is much less than the prevailing rate in commercial banks.

Every country must benefit as much as possible from grants and aid which are not to be repaid and give priority to the use of this aid, allocating it to desired projects with a rapid payout, with subsequent priority to those loans and facilities which must be repaid.

#### The Small Volume of Industry

If we look at American aid, we will find that that which has been allocated to industry in the course of 10 years does not exceed a sum of \$800 million, which equals one-tenth of the American aid and is less than 5 percent of the volume of total investments in Egyptian industry in the past 10 years. Seeking recourse to the American reports themselves, we will find that the report issued by the American aid authority in Egypt deals with the aid America has offered to Egyptian industry, and through that the following is clear:

America has given aid in the establishment of no more than five new factories. Two of them were for cement in Suez and al-Qutamayah and three were to produce drainage pipe in the Governorates of Bani Suwayf, Asyut and Qina. Their role ended with the completion of the drainage systems in these governorates.

To that one should add aid to modernize the al-Mahallah Textile Company and another to put the Port Said salt works back into operation.

The total aid to these projects did not exceed \$329 million.

America also offered a loan under the title of "industrial production" for just \$130 million to buy accessories and equipment for no more than eight

industrial companies in the ceramics, mining, metal industries and frame sectors and the Qaha food cannery.

#### Guinea Pigs for "Industrial" Experiments

Dr Muhammad 'Ajlan, the industrial consultant, asserted that one of the projects to which this aid was offered was just a new technological attempt which had not been tested anywhere else in the world, that is, lay within the category of well known activities of guinea pigs in experiments.

None of the aid offered to all eight companies realized more than a mere minor expansion in any of them as far as their existing resources were concerned. In addition, none of them were distinguished by the entry of any new or special technology which it would be difficult to obtain on better terms from more than one other source.

In every country, as Dr 'Abd-al-Fattah Munji said, there is what is called a period of assimilation, in the sense that if the volume of money available for investment in it is greater than its absorptive capacity, this money will be more harmful than beneficial.

From the actual state of the historic development of grants and loans with Egypt in general, we have not been able to use them all, because our absorptive capacity was not on a level with the magnitude of these grants.

As a summary of the problem, Dr Munji stated that the problem in Egypt was not one of money only!

That is what Tal'at Harb asserted in his writings in 1911 when he said, "Egypt does not lack money or businessmen. Thus, it does not need foreigners to carry out industrial development."

#### Revival of the Private Sector First of All

Rounding out the orientations of the aid, we are allotted \$120 million which is granted as loans to the private sector specifically, excluding the public sector, to import American equipment and accessories. Aside from that aid, which comes to about \$140 million, it has all been directed to what Dr Muhammad 'Ajlan called an attempt to "Americanize" the industrial sector by various means, including aid to the Investment Authority and the free zones to engage in the activity of prompting and encouraging investment in Egypt, the performance of feasibility studies for projects in which American companies might take part, the summoning of experts with the goal of increasing productivity and profitability, the reorganization and accumulation of data on



oil, minerals and groundwater, the establishment of ties between Egyptian and American institutes and universities and the reorientation of Egyptian scientific and technical research vis-a-vis problems of national development.

What draws one's attention, regarding the aid programs which have "brilliant" and "flexible" titles, as Dr 'Ajlan said, is the attempt at brainwashing or "Americanization" among broad numbers of influential individuals. Under the title of industrial production, aid, in addition to other things, is directed to the training of 825 employees in industry in managing plants and individuals, planning and carrying out projects and analyzing industrial operations.

Dr 'Ajlan continued, "Here it is permissible for us to mention that Egypt was the only instance in the third world where there was a General Industrialization Authority which, by studying, erecting and operating 100 projects in the sixties, could represent an international consulting firm that was not lacking in lectures and visits to bring together the conclusions which many of the people who participated in these programs were aware of."

Under the title "university relations," the project has brought 2,400 Egyptian universities, ministries and factories into joint activities with the Americans, as if the intention was to link their actual budget to additional income by these means.

#### Quieting the Population down and Repressing the Members of the Opposition

Concerning the goal behind American aid and assistance to Egypt, Dr Hisam Mandur, chairman of the industrial planning department in the Planning Institute, said,

"When talking about American aid in general, it is necessary to address oneself to the political framework which has governed Egyptian-American relations. The special American commitment to offer large aid to Egypt goes back to the Camp David talks between Egypt and Israel in 1978. The basic goal in the economic aid was to achieve stability, in the sense of quieting the population down and repressing the members of the opposition.

"NEWSWEEK magazine quoted a former strategic analyst in the White House in the Carter era stating 'We have no alternative to Egypt from the standpoint of the peace process or strategic location and if we cannot get to the Gulf through Egypt we will face very serious problems.'"

Concerning the purely economic aspect, Dr Hisam Mandur spelled out five basic observations:

First, most of the special aid money which reaches Egypt through the American Agency of International Development must be spent on purchasing American products and on American services.

Second, the United States, through economic aid, wants to create a working environment which is in keeping with the demands of American investors.

In a report by the American embassy in Cairo in 1984, the following was stated:

"Export opportunities have special importance for American companies, the American economic aid program bolsters the opportunities available to American companies as far as the marketing of their products in Egypt is concerned and the projects the World Bank loans finance provide opportunities for American companies."

Third, American economic aid does not finance projects which lead to competition for American products. The financing of the rehabilitation of the al-Mahallah company, for instance, to which about \$100 million was allocated, as stated in the article by the American writer Joost Hilterman, resulted in stirring up a great uproar among the owners of textile mills in America and that led to a retreat by the agency under the pressures of Washington. However, because of its inability to cancel this project specifically, this was not repeated anywhere else in Egypt.

Fourth, although the Americans do not feel that they are achieving much from the direct economic standpoint in Egypt, they believe that this aid is a basic element in economic and political stability.

Fifth, a guarantee of local stability in Egypt through the alliance with the class benefiting from liberalization, because the liberalization policy and the aid program have become interconnected.

#### Milk and Razor Blade Production

This is as far as the aid offered by the American government to the Egyptian government and the private sector goes. As to what Egypt has gleaned from the participating American investment companies (which about \$17 million have been spent to attract, under the category of private sector feasibility studies and the encouragement of investment), we find that all the joint American-Egyptian projects number no more than 15 companies. A high share is to be observed in American capital's participation in the bulk of these, so that the American partner will have the power of decisionmaking without conflict, while America's contribution to capital does not exceed 30 million of the overall total, which comes to 63 million!

If we look at the nature of what these companies produce, we will find that they include six companies producing milk, razor blades, cosmetics, air conditioners and elevators.

As to the remaining projects, they, as Dr 'Ajlan said, represent the end of production lines, in the sense that they are in reality an arena for the use of accessories from original factories in America (automobile spare parts, components of poultry and livestock food and chemicals) and consequently they constitute assembly, repackaging or simple final mixing activities which do not introduce new technology into the society.



[Text] In a lecture he gave before American businessmen after Nixon's visit to Cairo in 1976, the American secretary of commerce said, "You enjoy an advantage which no one can overcome. The President of the United States of America has opened the doors to markets and has worked to create a suitable environment for American goods. I can tell you that your government will not leave you waiting at the door. We will go through with you and will always remain ready to support your commercial efforts as much as we can."

Congressional Bill 403 issued in 1950, related to administrative development, states that the goal in foreign aid is to encourage and develop the buying power of the peoples of economically backward countries for the sake of encouraging American private capital. This is an American aid goal that still remains basic. The process of investing the loans and money that the American aid authority offers Egypt is subject to American rules, one of which is that the bulk of it is to come back to the United States, that is, what is called the recycling of American aid money is to take place. It should be noted that when the American government offers a grant for the pursuit of economic or social research, a large percentage of this grant is spent on the wages of American experts, travel allowances, and the expenses of trips on American airline companies! If an American employee's salary is \$3,000 a month in America, in Egypt he will receive \$12,000 a month. If his salary is \$12,000 in America, in Egypt he will be paid \$30,000.

#### Al-Adabiyah Harbor

For example, the wages of American experts from whom the aid authority sought assistance in the project to develop al-Adabiyah harbor in Suez came to 13 million pounds out of the total loan, whose value came to \$20 million (that is, about 65 percent). The fees related to the sanitary drainage project feasibility study in Alexandria, according to the People's Assembly discussions, came to 57 percent of the total loan. That is what we will address ourselves to subsequently in some detail.

Egyptian experts warn that increasing reliance on American aid will from the practical standpoint permit unlimited dominance over the development planning centers in Egyptian organizations. In spite of the extreme secrecy which surrounds the American-Egyptian protocols, it does not require great effort to discover the manner in which American aid is spread out among a network of experts in every project, no matter how its participation in it might make it subject ultimately to the guidance of these experts.

For example, the AID agency, the American aid authority, must receive participation in every public sector unit granted a loan of US \$10,000, such as the Bank of Alexandria and the Egyptian Industrial Development Bank. An Egyptian researcher who took part in a health survey the AID agency carried out in 1978 commented on that by stating, "The data-gathering stage ended 4 years ago, but we do not know anything about the destiny of the data, where it is going and why the research has been inundated in this tremendous amount of financial support and this tremendous number of American researchers!"

A report published by the American General Accounting Office in 1983 stated that the AID mission in Cairo did not get the Egyptian government to take part in most of its activities and that the Egyptian government was still playing a secondary role.

#### The AID Agency

Nasirist Egypt did not close the door in the fifties and sixties to foreign expertise or financing, but it did succeed in employing this expertise and financing in accordance with the conditions and priorities of the Egyptian development plan. Now, suffice it to say that we have paid 16 percent of a grant of \$25 million for a sewer project in Greater Cairo just as consulting fees and have paid 24.9 percent as similar fees for a grant for a power project.

Suffice it to say also that according to scientific estimates there were 1,116 experts in Egypt in 1980 and on top of that the AID agency does not have more than three American experts in Israel.

According to what the New York TIMES published in the words of an American official:

"We tell the Egyptians, put out a list of the projects you want to carry out, we will decide what we want to support, and we might finance the third project on the list. In reality we program for them." It is well known that the American aid agency in Egypt is the biggest aid agency in the world, since its number of employees and experts is greater than 1,000.

#### Even in Agriculture

In the area of agricultural development, the AID program has been distinguished by a technological emphasis including reliance on American agricultural experts and the encouragement of agricultural mechanization. According to the American General Accounting Office report for 1981, these experts visited Egypt only for short periods in April of the same year, and seven of nine advisors stayed in Egypt about 2 weeks. In spite of the Egyptian agricultural advisors' complaint of the low level of the American experts, and although the Egyptian project manager expressed his dissatisfaction with them, he said, "I feel that I am compelled to accept them."

Ahmad 'Abd-al-Salam, deputy minister of planning and the person in charge of cooperation with the United States of America, said, "It is not possible to estimate the volume of the aid, for political considerations. There is a big political price which is paid in exchange."

#### The Al-Mahallah Al-Kubra Plants

The only time the American aid authority financed a project to renovate and replace the cotton textile plants in al-Mahallah al-Kubra by means of Egyptian experts, the producers of American fibers and textiles organized severe opposition to the aid agency in the American Congress, which prompted the people administering the aid project in Egypt to state that the authority

would not assume charge of financing similar Egyptian projects in the future without a study and analysis of their effects on the American economy.

The opposition was directed not just at getting Egyptian experts to participate in the project but also at the process of renovating the textile plants itself!

#### The Cairo Waterworks

The Cairo waterworks prepared a study in which it was stated that the cost of the Rawd al-Faraj station financed by an American loan was greatly in excess of the actual cost of those of its stations financed by another foreign loan. The cost of producing 1 cubic meter a day came to 244 pounds, while the cost of a cubic meter in the other stations came to 85 pounds, as a result of the imposition of the condition by the United States on contracting with an American consulting firm to offer the necessary technical advice and the extreme inflation in setting the rates, which constituted a tremendous burden on the budget of the entire project.

#### Northern Upper Egypt

In 1980, an agreement was signed by the American development agency and the Egyptian government for a period of 5 years to develop urban communities in the sector of northern Upper Egypt, north of the cities of al-Minya, al-Fayyum and Bani Suwayf. The cost of the projects was estimated at \$100 million, of which Egypt would pay \$25 million. Egypt paid its share but the development agency paid only \$30 million of the \$75 million, and \$3 million of it was allocated to the American administrative and consulting body, which consisted of four persons. The American party then turned around and asked for an extension of the period until 1990 or 2000 to make it possible to come up with the rest of the amount agreed upon.

From the Governorate of al-Minya, the expert was allocated a wage of 5,000 pounds a month and a place of residence at 600 pounds a month, while the amount allocated as bonuses to the Egyptian agencies was not mentioned in any of the minutes of the meetings. However, that did not prevent the American consulting firm from dealing with some Egyptian offices on a subcontracting basis. In this area, in one of the bids bearing on a sewer operation, three bids were presented, one for 45,000 pounds, the second for 40,000 pounds and the third for 20,000 pounds, but the American agency gave the award to the second firm and ignored the latter although it was the one with the lowest bid.

#### Water, Paving, Equipment

In the same sector of Upper Egypt, American aid allocated 1 million pounds to the water sector, which was deducted from 65 percent of the cost of the American gentlemen and their engineering study, and the sewer sector was allocated 683,949 pounds. Fifty percent of the amount was directed to the American consulting firm. In a paving operation which cost 587,076 pounds for paving two streets, 67 percent of the sum was paid out to the consulting firm and for the purchase of "American" paving equipment. This equipment included

vehicles on which was written "forbidden to use this inside the United States," as "American aid grant" was written on each vehicle, although they had been bought. The consulting firm and the consultants also insisted on setting up signs on the streets which were being paved on which it was written "paved with American aid," which was unfair to the facts, because most of these projects took place with paid-up Egyptian funds.

#### Sanitary Drainage in Alexandria

As we have mentioned some examples which show the extent of the plunder American consulting firms are committing in Egypt, we cannot fail to address ourselves to the sewers of Alexandria and the problem of its sanitary drainage and the media uproar which accompanied it when the American consulting firm obtained 57 percent of the value of the loan offered and the consulting firm insisted on assigning the task of execution to the al-Baydani office DMC. The aid authority had decided on the discharge of the sewer waters into the sea and pressed Egypt to accept, or else there would be no aid, in spite of unanimity in the decision by the sanitary drainage authority on discharge into the desert. When the conscience of one of the American experts, named Wierson, awoke, and he recommended the process of drainage on land because it would result in the reclamation of 73,000 feddans which in 2030 would increase to 150,000 feddans, and the board of directors of the drainage authority in Alexandria agreed to that, the American management removed that expert although he occupied the position of director of the WWCG office, as a price for his report, which implicated the American aid authority in a moment of truth which might never be repeated. This did not prevent Michael Stone, chairman of the aid authority at that time, from stating openly that it was not in America's interests for Egypt to expand agriculture horizontally and reclaim land with sewer water, because it thus would be planting the strategic crops which America offers it in the form of aid. The aid authority also sent a letter which stipulated "The authority rejects the financing of any activities under construction unless the American consulting firm WWCG supervises it." The Egyptian government agreed and commissioned America to confirm that its consultants were performing the supervision, while restricting the Egyptian role to the reduction of obstacles which might stand in the way of the activity of the American advisors who alone were in charge of supervising all the technical and engineering work. In spite of that, when grievous errors were repeated through this American supervision, the American party refused to bear responsibility for that. This was reiterated at a number of sites, for instance, the collapse of segments of the al-Ra's al-Sawda' line, the Samujah complex's drop from the normal level, and the absence of a guarantee of the non-pollution of the coasts of Alexandria and fish resources there.

It is well known that the American consulting firm gets about \$104 million in feasibility studies for the drainage projects in Alexandria, and when it concluded with erroneous results and the Scientific Research Academy studied the feasibility of the same project, that did not cost more than 20,000 Egyptian pounds, although it concluded with the proper result, which was for discharge onto land.

## Out of Every \$7

As Dr Isma'il Sabri 'Abdallah said, "Out of every \$7 in aid, \$6 reverts to the Americans, and the contracts signed by us and them stipulate that American companies must carry out the research and studies. In addition, the source of supply of American machinery and equipment must be American and we are compelled to buy it even if its prices are several times greater than its equivalents which can be obtained from other countries. Egypt in the past rejected 'turnkey contracts.' Nothing that could be manufactured in Egypt would be bought from abroad, and labor could be brought in only on the condition that it was not to be found in Egypt." Dr Isma'il said, "It has been observed that the American consulting firms in Egypt try to employ some Egyptians, of course at salaries higher than those that exist in Egypt. The hardship occurred when al-Sadat frankly declared a state of bankruptcy in the country, when he said, 'A person who needs a project carried out has to go to the aid authority,' to the point where there came to be a permanent aid office in some ministries. The other side is that these offices helped repress the Egyptian experts and personnel and some people were compelled to emigrate. After them came a generation who left the project in toto to the Americans and refused to participate with them, so that the Americans would bear responsibility for the failure. The fact is that in the event of the failure of a project the Egyptian government would let the Americans go home and hold the Egyptians to account!"

## The Strong Cycle

What is certain now, based on the statements of some officials in the Ministry of Planning, is that although American aid has 72 activities, there are no conspicuous, tangible results and it appears that the apparatus of consulting firms in cooperation with the aid authority has made a joint decision that the American money will go back to America. For every \$7, as we have pointed out, we are left with \$1 and \$6 go back to America. The cost of a single dollar is very exorbitant.

[21 Jun 87 p 9]

[Text] Egypt is being exposed to an American invasion this time, but it is not a military one with planes or fleets; rather, it is a cultural one with American movie stars, television serials and even scientific research.

The invasion here is not aimed at the occupation of territory, and it does not provoke feelings of enmity or confrontation.

The whole business is carried out with receptivity, a welcome and concern on the part of the people responsible for culture in Egypt, on the basis of exchange and cooperation agreements which offer it every facility.

The goal is clear: to strip away all our values, obliterate our history and national personality, make our rising generations bow down to the values of American society and be loyal to them, and defend America's interests, without artillery fire or air raids.

We are not the only ones who are warning of the threat of the American cultural invasion. Indeed, there are many leaders of world public opinion who have realized its gravity and insistently propounded the need for confronting it, even in Europe. At the world culture congress held in Mexico in 1983, the minister of culture of France stood up and warned:

"Our culture is threatened by an invasion of American imperialist culture."

The goal, as the French writer Pierre Berard says, is to "Americanize" French culture. Indeed, more than that, Michel Jobert, France's former minister of foreign affairs, warns in his book "Long Live Free Europe" that if Europe continues with its current lack of identity and its current failure to define itself by itself, it will in the near future be only an American colony.

#### Obvious Threats

The American cultural invasion of Europe, headed by France, the world community of culture and art, has reached this point. What about us?

It is certain that the threat is greater than we imagine. Indeed, the business is [not] restricted to the Americanization of our culture; rather, the loss will encompass our identity and national personality.

As the report of the national council for culture, arts, letters and information asserted at its sixth session, culture has a major role in defining society's clear intellectual position by enlightening it and guarding it against distortion, dilution and the elimination of content domestically and invasion and subordination from abroad. The council presented its recommendations to realize more effective participation in asserting the cultural identity of Egyptian society.

Although the council report came close to warning of the danger of cultural invasion, it did not devote itself to a discussion of its dimensions and forms and ways of confronting it.

In a report which an elite of Arab intellectuals participated in preparing in the context of the project of Arab alternative futures there is a study of the dangers of the American cultural invasion of Arab society. In the summary of the report, Dr Isma'il Sabri 'Abdallah [and] Ibrahim Sa'd al-Din pointed out:

"Arab society did not lose its civilized identity under colonial rule.

"Oil wealth has helped neocolonialism realize what the old colonialism failed to achieve. In the name of modernizing and simulating the consumer society in the West and through television and the movies, the American life style has become widespread and this has put the Arabs' civilized values in abeyance."

The report added that Arab society is today going through an unstable transition period to a new stage of development with unclear features.



## The Delivery of Key Projects

The report confirmed the increase in the threat of a cultural invasion in the context of the brain drain or flight of intelligent persons which Arab society is suffering from.

The report attributed the drain and the flight of intelligent persons to the pattern of handing over projects with keys, so that consequently there is no great scope for need for technicians and scientists. The result is further flight and loss in the national context.

The report observed that 'Abd-al-Nasir refused to follow the method of taking over projects by the turnkey system and gave intellectuals, researchers and scholars an opportunity to participate in the development plan.

The report asserted that the widespread phenomenon of illiteracy has increased the threat of cultural invasion since the rate in Egypt comes to 56 percent, in this atmosphere the value of the spoken and seen word in television and movie serials and even in advertising rises, and, through that, American values infiltrate and the viewer becomes satiated with them, so that through further insistence there then is an imitation of behavior and convictions among growing people and the national personality is lost or obliterated, in the best of cases.

### Egyptian Television: An American Channel

Field research a group of students in the Faculty of Letters at al-Zaqaziq University carried out on television programs affirmed that:

98 percent of foreign serials are American-produced.

95 percent of foreign films are American-produced.

90 percent of the cartoons which are presented to children are American-produced.

This means that Egyptian television is being turned into an American channel broadcasting programs and movies which constitute a threat to civilized, religious and social values. The danger is further apparent as the scope of people watching cowboy movies and the Dallas episodes, with the crimes, fragmentation and adventures they contain, spreads.

What then about Egyptian children, whose television viewing comes to 98.6 percent in volume, as was determined by a study carried out on a sampling of 10,000 families whose results were cited in the national council of culture report?

The viewing child will be weaned on violence and the morals of cowboys, and the values within him will decline in the face of the bedazzlement of American life he sees.

The case is no different with respect to movies, where the new American hero

Rambo, the victor who is armed with the American instrument of war, the green man, and so on, appear.

The objective is to embellish the American face and spread about submission to American force. As Carl Rowen, a former American ambassador, said, "By our spreading American culture, we are helping to realize the goals of American foreign policy, and we have no other mission."

#### Unscientific Ties

The American instruments of cultural invasion are not restricted to the provision of movies and serials. There are more dangerous instruments in the form of scientific and cultural organizations, at the forefront of which comes the American development agency, which is now performing an effective role in linking and supporting scientific ties between Egypt and Israel. By itself it has offered subsidies of \$15 million to joint projects between Egypt and Israel in the area of agriculture and scientific research.

The American University represents another example, as an institution of organized cultural invasion. Although it is an American university established, as is claimed, as a gift to Egypt, the American government contributes only 18 percent of its budget.

What is stranger is that the university is setting out a 5-year fundraising campaign ending in August 1986 in order to collect \$24 million. It actually collected \$20 million of that before the end of last year.

A council of trustees made up of 35 members, all of whom are Americans except for four Arab figures, runs university policy.

There are Mustafa Khalil and Ahmad Hilal from Egypt and Kamal Adham, well known for his firm connections to American intelligence, and Yusuf Khalil, who are both from Saudi Arabia. They are all known for their strong devotion to America and for defense of its policy in the region.

The council holds three meetings a year, one in Cairo and the other two in New York. At its latest meeting in Cairo, the council rejected the attendance and participation of any student representative at the meeting or the making of any statements to journalists.

Recently the American University's role as an umbrella for a Zionist Israeli presence to carry out research in which the character of intelligence and espionage predominates has increased. Suffice it to say that the director of the new library, Richard Son, is an American naval intelligence officer!

#### The Center for Middle East Studies

In the context of the organized invasion and in service of Zionist interests under the cloak of scientific research, the university administration proposed the establishment of a center for Middle East studies. Dr Winder, a visiting professor in [sic] New York University, was assigned to present it to the board of trustees and he presented a nomination of the names of its directors,



most prominent of which was Bernard Lewis, the well known American Zionist orientalist hostile to the Arabs and Islam and proponent of the project of the plan to fragment the Arab nation, in particular Egypt, by establishing factional entities -- a plan that is known by his name!

There is Kenneth Cono, the well known Zionist and visiting professor of history at the university.

Under the pressure of some students of the federation in the university, after SAWT AL-'ARAB's publicization of the project, it was suspended, but not cancelled!

The Egyptian students in the university are exposed to the dangers of American cultural invasion and to susceptibility to the burden of imitating the American life style and bedazzlement by it. The administration of the university encourages the continuation of this approach. As for those who are trying to rebel against being assimilated into this approach, the university administration resists them violently, and when a group of students issued a magazine by the name of AL-SAWT, the administration threatened it and prohibited the exhibition of the magazine on the walls. In a visit he made to the university, the American ambassador objected to the presence of the magazine and was told that it was subject to censorship!

However, the administration is motionless and quiet in the face of manifestations of drug-taking, which does not, in its view, constitute a threat to students.

The student federation magazine AL-QAFILAH published the following, in these words, on 14 December 1986 under the title "Flight into the Illusions of Happiness": "Many students of the university have admitted their taking of drugs. A student says that he cannot sleep at night without taking hashish." The female student Sahar said that she took marijuana and will not give it up because she loves this joyous happiness.

These are some manifestations of the American cultural invasion, to which we are opening the doors with our own hands. As for ways of standing up to this invasion, which has the goal of obliterating our national identity, that is another subject whose complete composition we cannot sketch out by ourselves!

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CSO: 4504/281

## COMMANDER OF AIR DEFENSE FORCES DISCUSSES CAPABILITIES

Cairo AL-AHRAM AL-DUWALI in Arabic 28 Jun 87 p 3

[Interview with Marshal 'Adil Khalil, commander of Air Defense Forces, by Ahmad Fu'ad and Husayn Fathallah; date and place not given]

[Text] During the October war of '73, Egyptian Air Defense Forces engaged in the first electronic war in history, stunning the world with a distinguished and effective performance that severed the so-called long arm of Israel and turned world strategies upside down.

These forces will celebrate on the day after tomorrow their 17th anniversary as an independent striking force dubbed "the Fourth Force," after the Army, Navy, and Air Force. How do these forces maintain their effectiveness, keeping up with and adopting the newest technologies, while using cannons and rockets to confront the mightiest attack weapons, epitomized in supersonic fighters capable of twice the speed of sound?

Marshal 'Adil Khalil, commander of Air Defense Forces, says our celebration this year will showcase some of the latest air defense weapons in Egypt and the world. An exposition has been set up at the Air Defense Academy in Alexandria, where specialized international companies will exhibit, for the first time, the latest equipment for electronic warfare, jamming and interference devices, the capabilities of attacking craft, etc.

Asked what new equipment will be showcased by his forces during this year's celebrations, Marshal 'Adil Khalil said:

"Air Defense Forces have completed several studies of the arts and techniques of utilizing acquired Western weapons and equipment, in order to adapt them to Egyptian fighting needs and to harmonize eastern and western weapons. The studies also included technical modifications to the characteristics and specifications of such equipment, in order to better serve the general strategic objective.

"We have technically modified eastern missiles to improve their maneuverability and to extend their nominal life by refurbishing. We have also been able to adapt some of them to applications other than those originally envisioned. And all this was done by our own sons. We are also modifying western missiles to improve their efficiency and suitability for our combat philosophy. This meant electronic modifications of radar and guidance systems to decrease missile susceptibility to jamming and diversion. Other modifications involved the replacement of non-functional missile trailers."

#### Automatic Control Mechanisms

[Question] The Air Defense Forces have received two "Eagle Eye" early warning aircraft as part of a deal for five [other] planes. Are our air defense systems now complete? When will Egypt enter the age of automatic command controls?

[Answer] A modern multifaceted battle is defined as one which employs all kinds of weapons simultaneously. Tremendous advances in fighter planes which can travel at twice the speed of sound make it mandatory that air defense systems and weapons be of similar sophistication, since only a few seconds are available for a defense system to destroy its target. This is why automatic command controls are necessary. This is the kind of system we adopted several years ago and are about to complete. It is illogical to continue with manual command controls in the face of such tremendous advances in aircraft design and technology. Automating command controls is not a luxury but a necessity of our times in order to reduce the required advance warning time. Automatic command controls will insure:

- Fast early warning of a few seconds
- Accurate fix on the air target
- Automatic coordination and cooperation between the fighters and the air defense system
- Automatic planning and execution of bomber sorties in support of ground forces.

#### Early Warning Aircraft

As for the role of early warning aircraft, Marshal 'Adil Khalil says that radar systems, no matter how advanced, are limited in range by the curvature of the earth. They also have difficulty in detecting low-flying targets. Thus the importance of the Eagle Eye airborne radar whose range is five times that of ground radar. Our engineers and technicians have also modified this plane to improve its technical and tactical capability and to incorporate it into the automatic command systems of the Air Defense Forces and the Air Force.

Marshal 'Adil Khalil expects the final components of the automatic command control system to arrive by the end of the year. This does not mean, however, that our air defenses are lacking at present, since they employ alternative methods. Data gathered by Eagle Eye is useful whether relayed automatically or otherwise. Eagle Eye aircraft are therefore put to use immediately even before the rest of the equipment arrives.

## Chaparral and Hawk Missiles

[Question] What role do Chaparral and Hawk missiles play in the air defense system?

[Answer] The Hawks basically require their own automatic command control system, but can be tied to any other automated command control. The Chaparrals are also American-made. We will receive the first shipment of them in October. They work in conjunction with a firing command system that has not yet been installed for the American forces themselves.

The Chaparral has been modified at our request, and the modifications proved so worthwhile that they were recently adopted by the American army. A model of the automatic command system will be displayed for the first time at the Alexandria exposition.

## Is This the End of the Age of Artillery?

[Question] Does the existence of automatic command controls and the fantastic advances in missile technology mean that antiaircraft artillery no longer has a role to play?

[Answer] Not at all. It might even be the other way round. Not only have antiaircraft guns become as accurate as missiles, but they are also cheaper. They are regaining importance thanks to automated guidance, and have become as efficient as missiles. Their low cost and ease of training has given them a natural role in the air defense system.

Egypt's Sinai 23 missile and artillery system is a 23 mm dual barrel tractor-mounted cannon that jointly operates with Eagle Eye missiles and is driven by a technologically sophisticated radar firing command control which is the pride of Egyptian industry. It has been proven in the field, and the final prototype is ready for volume production. The cannon will be shown among Egyptian exhibits at the International Armament Fair next November. Also to be exhibited is another control system for a mounted 23 mm cannon with an accurate Egyptian electronic guidance system that uses laser technology to determine the coordinates of the target. It is also capable of combining with a preliminary radar detection system.

These systems are so effective and important that Spain bought from us the Egypt-modified Amon Sky Guard system and paid us royalties. Other countries such as Greece, Italy, and some Arab states are about to conclude similar deals.

## Egypt and the Experience of Others

[Question] What did Air Defense learn from the penetration of Soviet air space by a German craft, and from operations in the Gulf of Sirte, etc.?

Marshal 'Adil Khalil answered by saying that it is possible for an aircraft to penetrate any air defense system because there are always gaps that are not covered by warning signals, especially at lower altitudes where radar range is limited because of earth curvature. It is possible for an enemy target to penetrate areas not protected by positive air defenses. Moscow is protected

by an effective system described as the only impregnable system in the world, and yet the German pilot managed to get through, perhaps because of low altitude or small size as well as familiarity with the territory and access points. The plane was intercepted and ignored as it was thought to be a sprayer of Soviet agricultural insecticide. At any rate, such incidents do cause us to pause for thought and modify our plans if need be. Sirte and the attack on PLO headquarters in Tunisia taught us many lessons such as the effectiveness of night raids, the air-fueling of fighter-bombers, and America's great ability to use modern electronic warfare, automatic guidance systems, and sea-borne command controls. Future operations will surely depend on the element of surprise under cover of darkness, especially since certain types of artillery are not effective against night targets. We also learned a lesson when the U.S. destroyer Stark was hit by an Iraqi air-to-ground Exocet missile. That operation underlined the necessity of supplying war ships with anti-missiles, which adds a new burden to naval forces.

The Air Defense commander believes that electronic warfare is the responsibility of all branches of the armed forces. Our forces have been supplied with all such equipment including radio-controlled aircraft and jamming apparatuses.

#### Cooperation With the Arabs

Commenting on the purchase by certain Arab states of SAM-7 and SAM-8 missiles, Marshal 'Adil Khalil said that every country buys whatever weapon suits its strategy, and we welcome cooperation with any Arab state. Such cooperation actually exists in the form of training supplied here in Egypt or in their own countries, and by admitting their sons to our military institutions.

He added that Egypt's Eagle Eye missiles are almost through the proving stage and will soon be produced in volume.

The Air Defense commander asserted that the first Egyptian-made TBS radar, a most modern system to be manufactured in Egypt under license from the United States, will be shown next November at the Cairo Armament Exposition.

He concluded by emphasizing that the Egyptian air defense system, which stunned the world in September '73, is constantly being developed and modernized, thanks to its broad technical base and expertise acquired throughout its long history, and thanks to its sons who spare no effort to protect the Egyptian skies from any aggression.

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## BRIEFS

HEAD OF BORDER PATROL INTERVIEWED--Border Patrol Commander Maj Gen A.H. Faruq Hamdan told AL-MUSAWWAR that his troops utilize high technology in the equipment they use for command control, automation, computers, remote sensors, and night electrovision, as well as vehicles equipped with electronic network communications equipment and Egyptian-made similarly equipped navy motorboats. The commander said that border patrol troops in certain regions of the Egyptian desert have been able to manufacture solar equipment to desalinate their water. They are also able to charge their batteries by solar energy. He added that armed forces facilities, in response to the long distances covered by border patrols, have recently produced high caloric foods in large and small packages in order to enable the patrols to cover long distances across the desert and to make them more effective in desert and mountainous areas. The coast guard units also use these modern and highly technical food packages. He said that smuggling and drug trafficking have developed their techniques and capabilities, adding that "we keep one step ahead of them. We always study their anticipated moves, at least one year in advance." The commander added that border patrol activity has paralyzed foreign drug smugglers and gangs. The border patrol forces, in cooperation with Egyptian police, were able to seize 13 tons of drugs during the past 17 months, not to mention smuggled goods valued at 1,139,000 Egyptian pounds. [Excerpts] [Cairo AL-MUSAWWAR in Arabic 19 Jun 97 p 9] 12945/8309

CSO: 4504/276

## TRADE WITH EAST GERMANY TO INCREASE

Kuwait ARAB TIMES in English 18-19 Jun 87 p 12

## [Text]

KUWAIT's Commerce and Industry Minister, Faisal Abdul Razzaq Al Khalid, told a local newspaper upon his return from Berlin that his visit to East Germany was aimed at increasing commercial exchange between the two countries.

He said that he participated in the sixth session of the Kuwaiti-German joint committee, where matters pertaining to bilateral cooperation were discussed.

**Role**

He added that he hoped the committee would play a greater role in future to further activate commercial exchange and technical and economic cooperation between the two countries.

He described the results of his

visit as "very positive" and that he had the chance to see the various achievements so far in the field of joint technical and scientific cooperation between the two countries, particularly in the agricultural field.

He said that it was agreed to increase bilateral meetings at technical level, and there were promising potential marketing services for light Kuwaiti products.

He was accompanied by the senior government officials from the Ministry, the Public Authority for Agricultural Affairs and Fish Resources, the Public Authority for Applied Education and Training and the Foreign Affairs Ministry.

/9274

CSO: 4400/235



## DEFICIT BUDGET ANNOUNCED

Kuwait ARAB TIMES in English 29 Jun 87 p 1

[Text]

KUWAIT, aided by the recovery in world oil prices yesterday announced a mildly expansionary budget for 1987/88, with a 3.3 percent rise in its deficit.

Oil revenues, slashed by some 40 percent in the original budget for 1986/87, were forecast to rise 4.2 percent to KD1.73 billion (\$6.09 billion), Finance Minister Jassem Al Khorafi said.

This would account for 87.2 percent of income in the year starting on July 1, compared with 86.6 percent in 1986/87 estimates, he said. Total revenues are estimated at KD1.98 billion (\$6.97 billion).

Kuwait's budget deficit will grow to KD1.38 billion (\$4.86 billion) while spending by ministries and public institutions is forecast to rise 3.4 percent to KD 3.16 billion (\$11.15 billion).

**Inflation**

Of public funds, KD838.5 million (\$2.95 billion) will go for wages — KD266 million (\$946.32 million) for services and goods — KD24.5 million (\$86.24 million) for equipment and means of transportation —

KD750 million (\$2.64 billion) for construction projects and appropriation and KD1,279 million (\$4.5 billion) for miscellaneous spending.

The renewed rise in government spending, after a cut of 11 percent in the current fiscal year, is more than double Kuwait's inflation rate of about 1.5 percent.

The government is planning to transfer a sum equal to 10 percent of total expected revenue to a special savings reserve for future generations.

The minister made no mention of how the deficit would be covered, but bankers said Kuwait normally draws on income earned from its flush reserves.

He also gave no figures for actual spending and income in 1986/87, during which world oil prices rebounded to around \$18 a barrel after briefly dipping as low as \$10.

**Prosperity**

The fund for future generations was started several years ago to secure prosperity when oil reserves run out. At current rates of crude oil production of nearly one million barrels a day, that would take some 250 years.

The budget deficit takes no account of estimated income of over KD1 billion (\$3.53 billion) a year generated by Kuwait's substantial financial reserves.

The underlying budget deficit therefore would be much smaller than the shortfall announced.

Khorafi said public spending would rise in all key sectors, including wages and salaries and construction.

For the second year running no allocation was made to the capital of the Kuwait Fund for Arab Economic Development, for which a fixed sum of KD30 million (\$105 million) was routinely earmarked in the past.

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KUWAIT

NEAR EAST

BRIEFS

AL-SIYASAH INTERNATIONAL EDITION--The first issue of the AL-SIYASAH international edition was published in Casablanca, Morocco, today. This international edition will be distributed in north Africa and throughout Europe. In the first stage, the issuance of the AL-SIYASAH international edition in Morocco will be weekly for 2 months. After this experimental period, its issuance will be on a regular, daily basis. The second step will involve issuing an AL-SIYASAH edition in Jordan soon since AL-SIYASAH Chief Editor Ahmad al-Jarallah has obtained a license from the Jordanian Government to publish an edition in Jordan. [Summary] [Kuwait AL-SIYASAH in Arabic 9 Jul 87 p 1 JN] /9599

CSO: 4400/236

## JUMAYYIL AGREES WITH SAUDI INTERPRETATION OF CAIRO AGREEMENT

Beirut MONDAY MORNING in English 6-12 Jul 87 pp 54-55

[Article by Claude Khoury]

[Text]

Saudi Arabia, says Phalangist Party leader, Pierre Gemayel, is in favor of the Lebanese interpretation of the Cairo Agreement.

Gemayel, who returned last Monday from three days of talks with Saudi leaders, told *Monday Morning* in a private interview last week that the Saudis and the Syrians are in agreement over the implementation of the Lebanese-Palestinian accord.

The Cairo Agreement, signed by the Lebanese and Palestinians in 1969 regulates the conditions of Palestinian presence in Lebanon. Some of its provisions, relating to the arms which the Palestinians are allowed to keep in their possession and the manner in which the Palestinian camps should be protected from attack, led to a Palestinian-Lebanese dispute which halted the implementation of the agreement.

The nonimplementation of the agreement is being blamed for the instability which continues to plague South Lebanon.

Gemayel blamed the Arabs for the Palestinians' refusal to comply with the provisions of the Cairo Agreement as interpreted by the Lebanese authorities. He said that although he himself did not believe that the agreement needed to be imposed by physical force, he did want the Arabs to adopt a more stern

approach to the Palestinians. «They treat them as a mother would treat her child», he said, «instead of being kind but firm, as a father would be».

As a result, he said, the Palestinians are «spoiled». The interview:

**Could you brief us on the results of your visit to Saudi Arabia?**

After my concentrated and direct contacts with the four Arab countries which have taken upon themselves the solution of the Lebanese problem (Egypt, Saudi Arabia, Syria and Kuwait), I can assure you all of them are convinced that our point of view is correct.

They also realize that what is going on in Lebanon is not in anyone's interest; that it is, in fact, a catastrophe for everyone concerned. They know that none of the parties—neither the Palestinians nor the Lebanese, neither the Moslems nor the Christians—is in favor of what is happening in Lebanon today; but that there is a small minority which, in bad or good faith, refuses to apply the (Lebanese-Palestinian) accords—the agreements which everyone has accepted.

Personally, I don't want those agreements to be imposed by force, but I demand that the accords, which were conceived and signed willingly, be implemented. In other words, although I don't want anyone to impose the

agreements I want the agreement applied.

All the Arab countries agree that the Lebanese are right and that the Palestinians must implement the agreements; that nonimplementation of the agreements can only result in catastrophe, especially for the Palestinians. Yet none of the Arab countries is willing to impose the implementation of the accords-by force, if necessary. Their unwillingness to do so stems from two factors:

First: The Arabs want to treat the Palestinians as a mother treats her child, and to a mother everything the child does is all right.

But when a mother spoils her child, she's not doing him any favors. He becomes worse instead of better, the biggest disservice the Arabs have done to the Palestinians has been their treatment of the Palestinians as a mother would treat her children. They should have used the father's approach — kind but firm. Had they treated them as a father would treat his children, the Palestinians would never have been spoiled.

Second: Perhaps — and I hope I'm wrong — the Arabs are afraid. Perhaps they say to themselves: «Why should we get involved and bring these people (the Palestinians), along with disorder, into our countries?» Perhaps they're going by the old Arab saying: «God keep them, and keep them far from us». Perhaps they're saying: «Let the Palestinians stay in Lebanon and do whatever they want. We'll try to help the Lebanese as much as we can, but we don't want to bring chaos to our countries».

**Judging by your talks in Riyadh, how do the Saudi leaders envisage the solution of the Lebanese political crisis?**

Those people are reasonable and they have deep insight. They know, as we know, that the Palestinians are, for no reason whatsoever, committing harikari, and that everything happening in Lebanon today serves the interests of Israel alone.

**Yes, but can you tell us what solution; if any, the Saudis have for the Lebanese-Palestinian problem?**

I got the clear impression that their view is that the Lebanese-Palestinian agreements must be applied. It is the nonimplementation of the agreements which has led us to all this.

**Do you think the Saudis are in favor of the Lebanese interpretation of the Cairo Agreement?**

Definitely. They are certainly for the Lebanese interpretation.

**In the light of your talks in Syria and Saudi Arabia, do you believe that the Syrian and Saudi leaders are in agreement on the causes and solution of the Lebanese crisis?**

Two plus two equal four, whether you like it or not. The Syrians and the Saudis cannot but agree that what is going on in Lebanon is a catastrophe to everyone and primarily to the Palestinians and the Arabs.

**Do the Syrian and Saudi leaders see eye to eye on the necessity of Arab Deterrent Force occupation of Palestinian camps in Lebanon?**

The Riyadh accord was concluded in Riyadh on a Saudi initiative. I don't think the Saudis can oppose the Riyadh-or Cairo-agreements.

**Are you satisfied with the financial aid provided by Saudi Arabia for the reconstruction of Lebanon?**

I did not go into the financial question in my talks in Riyadh. I did not and do not want to involve myself in financial matters, because I'm — not a businessman.

But common sense tells me that as long as there is no security in Lebanon, there will be no reconstruction because no country and no businessman is interested in throwing money away.

I have always said: Give the Lebanese security and they will take care of the rest. Write that down. Let the Arabs give us security, and we will handle the rest.

**Do the Saudi leaders expect an early solution of the Middle Eastern crisis or are they of the opinion that a fifth Arab-Israeli war is imminent?**

I don't know what the Saudis think but I can tell you that the Palestinian question will not be solved overnight. It is a question which will take generations to solve. No reasonable man can be in favor of war, especially after what we have seen.

**The «Al-Amal» newspaper reporting on your talks in Saudi**

**Arabia said that Crown Prince Fahd favors the stationing of U.N. troops in South Lebanon. Do you share his views?**

International peace-keeping forces are usually stationed between two nations. The trouble in South Lebanon is not between two nations; it's between the Lebanese themselves, the Palestinians themselves. What could an international police force do in such a situation? I would understand the need for such a force if the battle were with Israel, but it isn't.

CSO: 4400/240  
/9317

## PRESS, LEADERS COMMENT ON IDEA OF 'CABINET FOR INDEPENDENCE'

Beirut MONDAY MORNING in English 6-12 Jul 87 pp 7-8

[Text]

The idea of a "cabinet for independence" advocated by the Lebanese Forces is gathering momentum on the Christian scene but is coming under fire from the opposition, according to the Central News Agency (CNA).

In East Beirut, no political leaders or circles rejected the idea.

But a statement made in Zghorta by Father Basil Hachem was seen as an implicit rejection of the idea. This is at least what the pro - Syrian daily *Ash-Sharq* believes, and because the Superior General is considered to be close to the Vatican, his statement was read by the paper as expressing the position of the Holy See.

The daily *Ash-Shams* also quoted the Assistant Secretary of State Richard Murphy as rejecting the idea of a "cabinet for independence."

Murphy is quoted by the paper as telling Dany Chamoun that Washington could not possibly back up any idea unless it was channelled through the Lebanese legitimacy.

Murphy is also quoted as telling his guest that he was waiting for "signals" from President Gemayel that would allow the administration to play any role, from the angle of Lebanese - Syrian coordination.

Chamoun was very disappointed, all the more that U.S. Ambassador John Kelly had given the Lebanese Forces hopes that he would back the idea.

The daily *Al-Hakika*, believes that the decision in eastern regions is now in the hands of Samir Geagea and that the role of the president does not exceed the limits of "marketing minimum plans for the Lebanese Forces while Geagea undertakes the marketing of maximal plans".

According to *An-Nahar*, if regional and international efforts fail to lead Lebanon out of its crisis, the president will be obliged to form a transitional government that would take up presidential affairs just in case it would be impossible to hold presidential elections.

The left - wing daily *As-Safir* said that the Lebanese Forces have been unable to successfully secure the "marketing" of their "cabinet for independence."

The marketing process was reportedly handled by Dany Chamoun in Washington and Karim Pakradouni in Europe.

The paper said in its front - page headline story that nobody "bought" the project, not the Christian religious leaderships, including Maronite Patriarch Sfeir, not the United States nor the Vatican.

The daily *Ash-Sharq*, close to Syrian ruling circles, goes as far as saying that there is unanimity about rejecting the "cabinet for independence" idea.

Also according to *Le Réveil* a ministerial source close to President Gemayel said the president «categorically rejects» the idea of a "cabinet for independence" and that he is rather attached to the present cabinet «being unwilling to form a new government at this stage».

#### REACTIONS

Cabinet Minister Nabih Berri attacked the idea of forming a new cabinet whose principal mission is to rid Lebanon of foreign occupation forces. «This plan of the Lebanese Forces», he pointed out, is aimed at forming a new cabinet independent from Lebanon».

«They meant to use Premier Karami's assassination as the groundwork for such a plan», he added. «But the firm attitude taken by the nationalist forces prevented them from going on with their plans. So it was not long before their balkanization intentions were revealed.

«The only way to face up to such a plan», Berri indicated, «consists in consolidating the unity of the nationalist

forces in a bid to face up to any political and military activities on the other side.»

The Guardians of the Cedar Party called in a statement for the formation of a national independence cabinet capable of securing two objectives:

- Liberating the land from foreign occupation forces.

- Uniting of the nation while enabling the state to overcome the terrorist forces acting within the country and to put an end to the nationwide gambling against the continuity of the present public institutions along with the constitutional principles governing the country.

In reply to allegations that the "cabinet for independence" is equivalent to a "cabinet for partition" the Lebanese Front issued a statement indicating that the «cabinet for independence» is no less than a "cabinet for unity of the country's legal institutions under the direct protection of the Lebanese Army».

«Foreign occupation forces are the ones that are imposing a partitionist status quo», the statement added.

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## SHAMS AL-DIN DISCUSSES ISLAMIC MEETING, KARAMI'S DEATH, SOUTH

Beirut MONDAY MORNING in English 29 Jun-5 Jul 87 pp 16-19

[Article by Nadim Abou Ghannam]

[Text]

Such is the general atmosphere in the country that even a small dispute could easily be transformed into a serious conflict, according to Sheikh Mohammad Mahdi Shamseddin, vice-president of the Higher Islamic Shiite Council.

Shamseddin told this magazine last Monday that the aim of the enlarged Islamic meeting was to discuss the situation in Lebanon in the wake of the assassination of Premier Rashid Karami, and would also discuss ways of tackling the Lebanese crisis as a whole.

As for the delay in convening this enlarged meeting, Shamseddin said, this was due to the need to wait on the outcome of the various preparatory meetings being held in anticipation of the formation of the Syrian-sponsored «Front for Liberation and Unification». Once the new front was set up, Shamseddin said, the enlarged meeting would immediately be convened.

Shamseddin expressed his support for any effort that would unite and reconcile the contending forces. He noted that all he knew of the projected «Front for Liberation and Unification» was what he had read in the newspapers. He stressed the need to devote special attention to dealing with

the economic and social crisis, which he said arose from «the obstruction of public service institutions.»

In a reference to the investigation on Karami's assassination, Shamseddin regretted that «the department concerned» and the regime had so far failed to present any answer to the public on the judicial and political aspects of the crime, as well as on its political background. «Such a situation does not serve the interest of Lebanon, of the Army or of anyone,» he declared.

He predicted that changes in political relations among parties on the regional scene may lead to the activation of the political situation in Lebanon. However, the presence of political activation did not mean there was a solution. The present crisis is affected by the regional and Arab situation, the sharp internal contradictions and Israel. Despite these factors that are weakening Lebanon's solidarity, Lebanon remains a unified nation with a unified economy, he suggested. The Lebanese should maintain factors of unification, until national accord based on political reform is achieved. Dialogue must also be continued to maintain the stabilized security truce, he said, warning against any military struggle, which would be a disaster to all the people. «No one can achieve gains through military means.»

Shamseddin spoke with feeling of the situation in South Lebanon, abandoned by the impotence of the Arabs to Israeli occupation or hegemony, with the Lebanese state completely absent from the scene. It was time, he said, for Southerners to unite to confront their parlous condition, for otherwise the South would continue to be a powderkeg of the Middle East crisis. Here is a translation of the interview, which was conducted in Arabic :



**Every now and then, Inter - Shilte family clashes are reported. What are their causes ? Which sides are behind them ? Is the aim of these clashes to create conflicts within the sect ? What are the means with which you tackle these problems, and are they sufficient ?**

Such conflicts take place anywhere, but some of them might lead to human and material losses. The general atmosphere in the country is sufficient for any simple conflict to develop into a great dispute. We do not rule out the

fact that some of these conflicts occur in a bid to create discord and to weaken the political stand, or establish an organizational link, or even to give the impression that a certain region lacks a security stability and consequently, its political situation is unsafe.

Treatments usually follow two courses : One course includes direct contact with the conflicting parties, to calm them down, and the other course looks into the background which is behind the conflict, to make sure it was not accidental. Such solutions are beneficial within their limits, and within the limit of containing the dispute. Those small disputes are part of the overall Lebanese problem which is raging in the country and producing its results here and there. What we are hearing in various Lebanese regions is the outcome of this global problem. Recently, we heard of a regretful incident in Zghorta, where killing was reported, and which was outwardly

seen as a result of a conflict in a football game. This, unfortunately, could be the problem in Lebanon. The general atmosphere, may lead to grave results for trivial causes.

**What is the aim behind the enlarged Islamic meeting in Damascus, and what are the causes for delaying its convening ?**

The aim of this meeting is to discuss the present situation following the assassination of Premier Karami. I believe that this assassination will dominate a great part of the discussion to evaluate the sides that were behind it and their objectives regarding the regime and the cabinet on one hand, and the general situation in Lebanon on the other hand. The other major issue to be discussed is the Lebanese crisis, and the different views on the means to tackle it. The Lebanese issue will be discussed in detail, in the light of working papers and proposals submitted by the various parties concerned.

The delay in convening this enlarged meeting is due to doubt on the outcome of the parties' and forces' meetings, in a bid to form the Front for Unification and Liberation. Until now this front has not been formed, because certain members of the Islamic Gathering are supposed to be members of this front and should be a part of the charter of this front and of its organization. However, the Gathering is aware that there are sides in it who are not

members of the front. I believe that this is the cause for the delay, and I think that if the Front for Unification and Liberation is established, the Gathering would meet instantly.

**How do you evaluate the decision to establish this broad front among the various parties and the Amal Movement ? Will it survive, or will it face the same fate of the previous ones ?**

In principle, I support any effort that will unite the forces, reconcile them and

cancel all causes of conflicts and discord. I mean that I support any unifying move which is harmonious with our line and thought. As for the formation of a political front with goals and means of working, I have so far not given my point of view. The last declaration I made was last Sunday. I have not been briefed on all the facts and outside issues which led to the consideration of this front. Second, I also was not informed on the principles on which this front will be based, except through the press, thus, officially, I am not informed. Third, I was not briefed on the specific goals and means that will be used by this front in achieving its goals.

In such an event, I am not in a situation where I can give my opinion, positively or negatively. Now I am giving a long and thorough consideration, but I believe that there should be a major care above all, that will be devoted to confront the crisis of the society, which we call the economic and social crisis, and which originated from obstructing the public service and development institutions. This crisis also originated from the present conditions in the Lebanese regions in connection with the people and commodities' transportation.

As for the front's survival, I cannot predict. This depends on the way in which the front is formed, and its harmony with the present political needs in the country. Whether the Amal Movement is expected to participate or not, I believe such a question should be addressed to the Movement itself.

**Three weeks have passed after Karami's assassination, without any results. Why? Where will the investigation lead to? What is Lebanon's fate amidst the political deadlock which originated from Karami's death? Do you expect a military struggle to be the exit from this situation?**

During the Tripoli sermon which caused many speculations, we expected what is really taking place now, and which is being discussed by the Karami family regarding the delay in investigation and the absence of any

outcome so far. No measures have been yet taken. This issue, like any other crime, has a judicial aspect. But what is more important is the political one. What is regretful is that the concerned departments on one side, and the regime on the other side, have so far failed to present any answer to the public opinion on two issues: The judicial aspect and the political dimension, as well as the political background behind Karami's death. Effectively, this situation does not serve the interest of anyone, neither Lebanon's nor the Army.

I have no comment on where the investigation will lead to.

**What is your personal opinion regarding the course of investigation?**

I am not informed on the course of investigation to comment. As for Lebanon's fate, Lebanon has passed through a number of difficult stages during the present crisis where it faced political deadlock. Many changes have taken place to extricate Lebanon from its political deadlock. It is very probable that changes in political relations may occur among parties on the regional scene, consequently leading to the activity of the political situation in Lebanon. When we discuss political deadlock or political activity, we conclude that there are working papers being prepared and delegations going and coming to hold discussions but until when? The presence of a political activity does not imply a solution.

The question: Where is Lebanon heading to? We cannot predict, but as we have said before, the present crisis seems likely to continue as a result of the regional and Arab situation, internal contradictions and the existence of Israel. These four factors are the causes of the ongoing crisis, which, as long as it goes on saps Lebanon's strength and solidarity. Lebanon is still a nation and an entity, in spite of all the present disintegration and bloody conflicts. Lebanon still has a unified people and a unified economy. The entity, the nation and the unity are present, but the discord weakens the factors of unification and adherence

in the country as a whole. We insist on maintaining the factors of unification, awaiting the achievement of national accord, based on political reform and organization.

I reiterate my proposal that there should be a general understanding. What we need is a general understanding to activate dialogue, to maintain the stabilized security truce, and to restore the confidence of the public in the state institutions in the service of the whole country.

I personally do not agree that there will be a military confrontation to end the present impasse. In order to avoid thinking of such a possibility, we have recently been warning against such a possibility. If it ever happens, it will be a disaster to all the people, with no benefit to anyone. Its outcome would weaken the country and would lead to additional destruction without benefit. I believe that no one can achieve gains through military means.

**It seems that the South is not a part of Lebanon. We hear nothing but condemnation or support from most state officials, while Southerners are facing destruction, killing and displacement. How do you describe the situation in the South at present, and what might its future be?**

The present situation in the South can be described as such: An Israeli occupation, based on Israeli expansionism, on one side, and hegemony over the political decision of the Lebanese state and people, on the other side. Complete absence of the state as a political institution, or as a service and development institution, utter Arab paralysis, Arab concerns

that distract the Arabs' attention from considering the neglected part in Lebanon, the forces on the ground cannot face, either the Israeli design or the Israeli occupation, and cannot fill the gap resulting from the Arab disability.

In such an event, we have nothing but condemnation or support. Effectively, we stress on the Southerners and on the effective forces in the South to unite and cooperate together to confront (Israeli attacks) on individuals and on towns, as well as the continuing Israeli occupation of the South, hoping for a final solution to the Lebanese crisis, a solution of which the South would be part. The solution should begin and end in the South. If there is no solution, the South will remain, as it was during the past years, a powderkeg of the Middle East crisis.

**Are the present factors more liable to unify Lebanon, or to partition it in the near future?**

The present factors from within Lebanon, which affect the region and the whole world, are for the best interest of Lebanon's unity, its reconstruction and continuity. This is one of the guarantees that console us, while facing the current disasters.

**Are these guarantees from envoys of the superpowers?**

They are guarantees originating from balances in Lebanon, in the region and in the world. They could be understood by ambassadors of the superpowers. These ambassadors are concerned with other issues, but due to our understanding of the general situation on the local, regional and international levels, we believe that the factors of unification and continuity will be victorious in the end ●

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/9317

## GENERAL LABOR CONFEDERATION PRESSES FOR ECONOMIC SOLUTIONS

Beirut MONDAY MORNING in English 6-12 Jul 87 p 28

[Article by George el-Hachem]

[Text]

The president of the General Labor Confederation (GLC), Antoine Beshara, told me last week that the GLC is still seeking the installation of a moving scale in determining wage increases in the face of Lebanon's inflationary spiral.

«The scale is one of our demands,» he said, adding: «I should note that increasing salaries and wages is not enough. We should also have an increase in production as a balance... The issue here is solving the problem of unemployment.»

It was not true, he declared, that the GLC had done nothing to help working people in the face of inflation following the increase in fuel and electricity prices. Indeed, the GLC had widened the scope of its requests to include not only dealing with the increase in prices but also new laws to be issued on house rents and changes in the law concerning the National Social Security Fund (NSSF), he said.

The translation of the interview, which was conducted in Arabic:

**After an increase in fuel and electricity prices, living costs have become quite expensive and still the GLC has not reacted. How do you see the matter ?**

Your implication that the GLC did not «lift a finger» is not acceptable. Every six months, the GLC makes few demands on the government, which as you know by now are of no use. Therefore, we have widened the scope of our requests, including not only the increase in prices but also demands for new laws to be issued on house rents, some changes made on laws of the NSSF, no sudden increase in school fees by private schools, some changes made in family compensations of the NSSF, and changes in the levying of taxes.

However, when the GLC realized that demanding was not enough, it called for a national press conference and disclosed a whole new plan covering both social and economic areas. And this plan includes not only the workers but all Lebanese and their deteriorating economy.

**You have already called for an increase for family benefit. What happened to that request ?**

We only asked for an increase of 43 percent from the minimum wages. And the General Board of the National Social Security Fund issued a statement on the plan's completion. Now we await the Ministry of Labor's discussion of the decree with President Gemayel.

**Do you expect a satisfactory answer ?**

We hope the decree will be issued.

**How will you distribute the money ?**

Fourteen percent is given to the wife, four percent for each child, up to five children.

**A law was issued in the 1950s concerning free education in elementary classes. Why wasn't this law applied ?**

I do not believe such a law could be applied, since the government has neither the proper facilities nor the funds for it. But a study concerning such an issue should be made.

**You had a firm position about the increase in the cost of living for this year. What happened on that issue ?**

The issue is under study, and I believe that the decree will soon be issued. Anyway, they did promise us that.

**And what about the movable scale system in determining the increase in salaries ?**

Well, the scale is one of our

demands. Now, it is applied every 6 months, and probably in the future we will be able to use it monthly. But, I should note that increasing salaries is not enough. We should at least have an increase in production, as a balance. We certainly do not work to help a section and destroy another. The issue here is solving the problem of unemployment.

**What does the price indicator of the GLC show for the first six months of 1987 in regard to inflation?**

The indicator have not yet been finished. It will be issued at the end of June. But I am sure any increase will not be less than 90 percent.

**Presently, a dollar costs about LL 140. Can anything be done to stop its rise ?**

the continuous rise in the dollar will not stabilize unless the people behind it are pursued and stopped. This should be done by a constant surveillance of banks and by issuing new harsh laws, against speculators. We have already suggested that some taxes should be paid by those speculating on the Lebanese pound. ●

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/9317

## BANK MANAGER DESCRIBES DETERIORATING FINANCIAL SITUATION

Beirut MONDAY MORNING in English 22-28 Jun 87 p 28

[Article by George el-Hachem]

[Text]

Asaad Tohme, general manager of the Tohme Bank and a member of the board of the Lebanese Banking Association, had a gloomy view of the country's immediate economic future, particularly in regard to inflation, which, he told me last Monday looked like being as bad as anything we have yet seen.

Here is a translation of the interview, which was conducted in Arabic:

**How might the issuance of 500-pound and 1,000-pound notes affect inflation if at all?**

I believe the effect on inflation, if any, will be marginal. The purpose of the new notes is to facilitate ordinary cash commercial transactions, since due to inflation people now need to carry large sums around with them to buy their daily needs.

**Is the unstable political and social situation the cause of the recent raise in the rate of the dollar? Or is it the result of some economical problem?**

The recent raise in the rate of the dollar is related to security problems. But the situation has been no different for the past three years.

**How will the latest rise in wages affect inflation?**

The rise will add to the rise in prices and the increase in the cost of living. The country faces a dangerous situation of unprecedented inflation.

**Has the central bank discussed the issuance of the new currency notes with the Banking Association?**

This matter is basically the responsibility of the central bank. However to carry it through an act of Parliament will be needed.

**How are relations now between the Banking Association and the central bank authorities?**  
Relations are satisfactory

**Have you any views on how the run on the Lebanese pound can be stopped?**

The exchange rate is, among other things, a barometer of public confidence in the future. As long as the present crisis drags, on the rate of the pound will continue to fall.

**What is your view of economist Raymond Mallat's proposal that the central bank's large gold deposits should be sold to obtain badly-needed hard currency?**

When the present political and economic situation is resolved, we might think about selling the gold. But as things stand, the government must



take no precipitate steps. The gold is the only weapon we have to guard us against any unforeseen emergency. now is not the time to sell it.

It is said that the government has internal debts of billions of Lebanese pounds. Is this the case?

In addition to the gold reserves, the government holds reserves in hard currency, which increase in value as that of the Lebanese pound falls. With these hard currency reserves in hand, it will be easier to settle the state's internal debts.

How do you see the tendency of some Lebanese to price their goods in dollars instead of in Lebanese currency?

We happen to have a free economic system that imposes no restrictions on cash exchange. A businessman who asks a price of 100 dollars for a specific commodity is only trying to protect his interests, seeing that the Lebanese pound is constantly falling in value against hard currencies.

On the other hand, there will obviously be hardship in a situation where something is priced at, let us say, 100 dollars, and if the exchange rate changes in the space of a week from LL 130 to LL 145. Under these conditions a buyer would surely despair.

The weakness of the Lebanese pound forces some traders to ask to be paid in dollars, since they are afraid of losing their capital as the pound falls. And of course most goods are imported, and their importers have to pay for them in dollars. ●

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## STRENGTHS, WEAKNESS OF DOMESTIC ECONOMY SUMMARIZED

Beirut AL-KIFAH AL-'ARABI in Arabic 15 Jun 87 pp 34, 35

[Article: "12 Years of War and 120 Pounds to the Dollar: Lebanon Is a Rich Country But It Is Incapable of Paying Foreign Debts"]

[Text] With the rise in the price of the Beirut dollar to extreme levels in excess of 120 pounds, in the midst of speculators' rumors of expectations that it will continue to rise, above 150 pounds, there are "winners" and "losers." People owing debts in dollars are sustaining big losses, while people owing debts in Lebanese pounds have recorded a reasonable profit. As to creditors in dollars, their profits are great, and the same is the case with respect to people who hold positions in dollars or foreign currencies. They have reassessed their assets, which have recorded profits several times over, while conversely people holding Lebanese money have sustained a big loss.

What Is the Country's Situation?

Before the war, which has gone on 12 years, Lebanon was described as being made up of a poor government and a rich people, because of the weakness of the government's agencies and capitalists' dominance of its assets. It was even incapable of collecting its share of company profits in the form of taxes and duties.

It is observed, for example, that Lebanon is almost the only country in the world where the level of indirect taxes (that is, customs imports), which comes to 41 percent, exceeds direct taxes, whose share is 28 percent. It is also observed that the ratio of total tax revenues to domestic product in 1974, before the war, came to about 13.5 percent in Lebanon, a very low rate when compared with the advanced countries.

What has happened after 12 years of war?

Many changes have occurred. Perhaps the most important of these is the rise in the price of the dollar in Beirut, which has now turned the picture around, since the government has become rich and the people poor. However, the serious thing which draws one's attention is that the "richness" of the government is to be ascribed not to the mobilization of its abilities to collect its share of taxes and duties but to the various assets it possesses, especially the

cash reserve of gold and foreign currencies in the Central Bank, whose value is estimated at \$4.4 billion. This amount is equal to about 530 million pounds on the basis of the Beirut dollar price of 120 pounds, while it equalled only about 15 billion pounds on the basis of the Beirut dollar price at the end of 1982, which amounted to 3.75 pounds. Thus the government's profit has increased more than 35 times over.

#### The Government's Debts

Matching this great reserve of government assets, the government's debts are of two categories:

Domestic debt, which has come to about 100 billion pounds in magnitude. This has arisen from the government's taking the initiative to go into debt with the Central Bank and commercial banks to guarantee its ordinary expenditures in the form of employees' salaries and wages, not to speak of spending on certain urgent projects. However, this debt should be considered very minor and it involves no risk. It accounts for just 18.8 percent of the value of the cash reserves in the Central Bank.

Foreign debt, which is estimated at about \$500 million, and can be broken down into two classes:

First, civilian debt, which comes to about \$225 million in value. The government ought to have started paying it 2 years ago, or at least taking the precautions to provide assistance in paying it, so that it would have bought dollars before the rise in the dollar to its current levels. Eng Malik Salam, chairman of the development and reconstruction board, previously complained in the middle of last year in an official memorandum he submitted to the prime minister, Rashid Karami, of the procrastination by the Ministries of Housing and Cooperatives and Telecommunications and the Lebanon Electricity Organization in paying money owed on debts the council had contracted under government guarantee with a number of Arab monetary funds and international development agencies. He recommended the accumulation of aid in foreign currency to pay the debts owed, which come to \$180 million, by the end of 1985, in addition to \$45 million in amounts owed in 1986.

However, officials did not concern themselves with this. Had the government determined to buy \$225 million in the middle of last year, it would have paid about 5 billion pounds for that on the basis of a rate of about 22 pounds to the dollar. However, its current cost comes to about 27 billion pounds, that is, an increase about three times over, and the loss up to now has been about 22 billion pounds.

#### The Military Debt

The second is military debt. Its value is estimated at \$275 million and most of it is payable to the American and French governments. That is the price of weapons and military equipment for the Lebanese army. This amount, in 1984, when its payment started to become due, was equal to about 1.75 billion pounds on the basis of the rate of 6.3 pounds to the dollar. Now, however, its value

is no less than 33 billion pounds, that is, about an 18-fold increase. The loss so far has been about 31 billion pounds.

#### Movement of the Army Command

The Council of Ministers previously took the decision, on 28 January 1984, of agreeing to an American loan valued at \$15 million. On 19 January 1984, the army command, in its letter 658, requested of the Council of Ministers the transfer of an urgent draft law to the Chamber of Deputies for agreement to the loan, coverage of the allocations required for it, and assignment of the Ministry of Finance to transfer the requisite allocations in the event of approval to the Ministry of National Defense. At that time these came to 225 million pounds on the basis of a price for the dollar which ranged from 7.5 to 8.5 pounds, in addition to interest, normal fluctuation in the price of the dollar, insurance, freight and interest.

On 5 August 1985, the file was returned in full from the Ministry of Finance to the army command to review the requisite allocations in the light of the rise in the price of the dollar, whose value had reached 19 pounds, which led to an increase in the allocations to 600 million pounds.

In the face of the great magnitude of this amount, the minister of finance, [former] President Camille Chamoun, had reservations about the demand, and in a letter he submitted to the Council of Ministers pointed out that the estimated cost of the American loan which the Council of Ministers had agreed to in its Decree One dated 28 January 1984 had been in the area of 75 million pounds and had risen to 600 million, that is, eight times the amount that had been estimated. He stressed that the growing deficit in the government treasury would not allow the acquisition of such a large sum.

With the government's neglect of payment of the debt owed, or the provision of aid in foreign currencies to pay it, and the continued rise in the price of the Beirut dollar, the figure started to swell, and it is now estimated at 1.8 billion pounds.

As evidenced by all the foregoing, the Lebanese government has indeed become "rich" -- as a consequence, however, of the impoverishment of the Lebanese people. However, this wealthy status does not enable it to pay its foreign debts owed in dollars at the present time.

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CSO: 4404/422

## OFFICIAL ON OMANISATION OF PRIVATE SECTOR, EXPATRIATE ISSUES

Muscat TIMES OF OMAN in English 9 Jul 87 pp 1, 3

[Article by Bala Menon]

[Text] More than 6,000 Omani workers were proposed for jobs in private sector establishments during 1986 and most of them were appointed, according to information released exclusively to the 'Times' this week by the Directorate-General of Labour of the Ministry of Social Affairs and Labour.

"Job opportunities are available for every Omani capable of working and we would like to state here that there are no unemployed people in the Sultanate", Ahmed bin Ali al Rajab, Director-General of Labour Affairs, said.

The Directorate is currently preparing to welcome the graduates who will enter the job market for the first time, including the first contingent from the Omani Technical Industrial College which graduated this year, the first batch from the secondary vocational training institutes due to graduate in 1988 and other job-seekers.

Constant attention is given to the policy of Omanisation of jobs in the private sector and steps in this regard are determined in the light of the general framework of the Labour Law of Oman. "The law makes it conditional that foreign workers could be brought in only if they possess technical competence or qualifications required by the country or if the number of Omani workers were insufficient to fill posts", Ahmed bin Ali al Rajab said in answers to questions put by the 'Times'.

The law also calls upon businessmen to employ Omani

workers in as wide a scale as possible and the "Directorate's policy is based on carrying out its provisions in the light of the studies it conducts on the job opportunities available and estimates in the increase and decrease of foreign labour".

The questions and answers are as follows:

**What steps have been taken by your directorate to increase the percentage of the Omani employees in the private sector?**

When our studies show that Omanis are available in certain professions, decisions specifying them are issued and the bringing of expatriate labour to work in such spheres is prohibited and they are confined to Omanis.

If it is found that the workers proposed for work require training in the establishment concerned agreement is reached with the employers to prepare training programmes for them prior to their appointment.

On the other hand, companies and establishments are encouraged to employ Omanis. This is done either by not calculating their wages in the figures or the basis of which vocational training contribution is determined or by deducting the cost of training of

Omani workers in the company from its share in the contribution.

**Is there a plan to facilitate the procedure for changing the sponsor or company like it has been done in the United Arab Emirates?**

There are specified cases — strictly speaking — which require that the Directorate of Labour should issue a no-objection letter to the Department of Immigration and Passports for the transfer of the worker's sponsorship from one sponsor to another. These include liquidation, bankruptcy, sale, incorporation, separation, death, alteration of legal status. This clause includes the change of the commercial name or commercial status or both together.

At present, the procedure followed is applicable. The Directorate is discussing this subject on a very wide scale with other concerned authorities with a view to setting up an organisational procedure in this regard.

**At the end of 1986, what was the number of expatriate workers in the Sultanate? What is the number of those who left the country during the year?**

The number of expatriate workers in the private sector amounted to more than 272,000 at the end of

1986. The number of workers who left the country on completion of their contracts were more than 50,000 in 1986. The labour cards of these workers have been received, which shows that they have left the country.

**What is the policy of the Directorate General of Labour Affairs on issuing labour clearance for expatriate workers?**

**What are the trades in which foreign workers are not allowed?**

The policy of the Directorate General of Labour on issuing labour clearances for expatriate workers is based on two basic points: 1. Non-availability of Omani cadre to carry out the required job or profession. 2. Actual requirement by the employer for these workers. Such need is to be proved by submitting official documents, contracts and agreements for the works he is carrying out or on the spot inspection of labour sites to ascertain that the workers are actually needed.

There are so far eleven professions, specified in the Ministerial Decision no. 13/85 which foreign workers are not allowed to practise:

1. Fishermen and fish-sellers.
2. Sailors.
3. Shepherds.
4. Public relations officers.
5. Arabic and English language typists.
6. Watchmen.
7. Workers operating small mechanical equipment.
8. Hawkers.
9. Light vehicle drivers.
10. Unskilled workers.
11. Technical trade assistants.

**What procedure does the Directorate General of Labour Affairs follow to issue no objection certificates for driving licences and family visas of expatriate workers in the Sultanate?**

There are forms which the Directorate has prepared that include statements to be filled up by the party seeking no objection certificate for a driving licence. The professions for which such certificates may be issued are four only — doctor, engineer, auto-mechanic and foreman. In certain cases these certificates are issued for other professions after it is proved that their nature and job circumstances require a driving licence.

There are specific documents which are to be submitted by the employer when applying for a family visa for the family of his expatriate worker.

These documents are:

- A letter from the organisation seeking the visa
- Two copies of the worker's labour card
- Two copies of the service contract
- A copy of the worker's passport and a copy of his wife's passport.
- Visa application filled in by the organisation.

After these documents, have been submitted, the accuracy of the statements are ascertained, particularly the salary drawn by the worker.

It is also ascertained that the organisation did not submit a similar application for the same worker during the six months preceding the application.

It is also made sure that the organisation has paid its vocational training contribution.

After that, a letter is issued by the Department of Labour for the Department of Immigration and Passports on the proforma prepared for this purpose for the latter to take proper action in accordance with the regulations.

**What is the purpose of issuing the new-format labour cards and how do they conform to the general specifications?**

I would like to state that the new card was put in use only after the Ministry — represented by the DGLA — became sure of the need to strive to develop the previous card to the present format.

The purpose of issuing the new card was as follows:

1. Conformity with the requirements of the computer system introduced at the Directorate at the beginning of 1986.

2. Simplification of the procedure for citizens dealing with the Directorate by extending the validity period of the card to two years and sparing them the time earlier spent on preparing the forms.

At the same time, the Directorate staff would be able to perform their duties in a perfect manner without delay. This is also a facility for citizens.

As for the conformity of the new card to general specifications, I would like to point out that the new card has special specifications. It is plastic covered and mechanically pressed which prevents any damage, alteration or distortion of statements entered in it during its validity period.

A minor change has been made to the statements previously included in the card.

As for the labour card statements form, on the basis of which the card is issued, it includes new and important statements.

As a result, the number and signature of the person authorised to sign on behalf of the organisation has been added to the form which also contains an affirmation by him that the information contained in the card is accurate and is at his responsibility. This prevents some workers of the organisation to tamper with the statements of the form.

On the other hand, the additional statements in this form will provide computer-prepared statical data at the Directorate about the labour force, its distribution, its place of work, its growth or reduction rate in the different economic activities and the technical qualifications and expertise of the workers. This will enable the formulation of sound, scientific rules to determine the country's labour requirements and to formulate calculated programmes for Omanisation.

CSO: 4400/242  
/9317



## ECONOMY'S ATTEMPT TO REDUCE OIL DEPENDENCE REVIEWED

Beirut AL-KIFAH AL-'ARABI in Arabic 15 Jun 87 pp 35-36

[Article: "The Retrenchment in Oil Revenues Has Postponed Declaration of the Third 5-Year Plan"]

[Text] The Sultanate of Oman has not yet been able to declare and carry out the third 5-year development plan, 1986-90, because of the financial uncertainty it faced as a result of the OPEC crisis last year. Although it is not a member of the Organization of Petroleum Exporting Countries, it is greatly affected by the decline in oil revenues as it depends on these to ensure its revenues. Thanks to oil, Oman reached the "age of economic maturity" at the beginning of 1982, when the World Bank gave it a certificate of "economic maturity." At that time it benefited greatly from the "oil gusher," which had brought Omani annual per capita income to \$4,380, while the World Bank in "graduating" economically maturing countries was basing itself on their attainment of an annual per capita income level of about \$2,650.

Oman had carried out two 5-year development plans, the first between 1975 and 1980 and the second between 1981 and 1985. National product during these years recorded such a great upsurge that in 1985 (that is, the last year of the second plan) it registered a record figure of 3,464,000,000 riyals. However, because of the OPEC crisis this figure declined to 2,343,000,000 riyals in 1986. That is a great drop amounting to about 32 percent. The sultanate exports about half a million barrels a day, and the per-barrel price recorded its lowest level in July 1986, coming to \$8.20, then rising to \$13.40 last September and about \$18 at the beginning of this year. As a natural result of this great drop, in comparison with 1985, when the price was about \$30, it came to show negative indices, among them:

First, oil revenues dropped from \$4.4 billion in 1985 to \$2.6 billion in 1986, that is, by more than 40 percent. As a consequence hydrocarbons' share of domestic product dropped by 33 percent.

Second, in spite of the stringent restrictions the sultanate imposed on spending, the deficit in the 1986 budget according to economists' reports came to about 700 million riyals (\$1.8 billion).

Third, a great deficit in the balance of current accounts. Experts estimated that at about 335 million riyals. The reason for this may, in addition to the drop in oil revenues, be attributed to the drop in Omani expatriate workers' remittances as a result of the companies' dismissal of large numbers of its workers and employees owing to the recession which afflicted the Gulf area, not to speak of enhanced competition.

Fourth, with respect to this, the sultanate last year was compelled to turn to diverse financial sources, among them:

Withdrawal of the sum of 106.8 million riyals from the general reserve fund.

Loans totalling \$500 million from the international and European money markets.

Devaluation of the riyal by 10 percent relative to the dollar.

Fifth, inflation in the sultanate came to 30 percent, a very high rate, especially since it followed a total domestic product growth of 12 percent in 1985.

This negative situation prevailed until the end of 1986, but how did it evolve in 1987?

The present year began with great optimism owing to the advent of the end of the recession and the start of the period of revival, along with the rise in oil prices and the application of the OPEC plan. How far, however, has this improvement helped solve the Sultanate of Oman's economic problem?

The increase in oil prices and the reliance on the official rate of \$18 per barrel have actually given Oman a kind of fiscal confidence. The 1987 budget was estimated on the basis of a price of \$15 per barrel in the worst of cases. On that basis, economists anticipate that the deficit will drop to 275 million riyals. This in the event it occurs will be a great advance for the sultanate to record in comparison with the budget deficit last year, which came to 700 million riyals.

Although the Omani government has continued to impose stringent restrictions on spending, and although the steps taken to strengthen the private sector still are at their initial stages, 1987 represents a difficult year for the sultanate.

However, economists and diplomats believe that the increase which occurred in oil prices means that the economy, which registered an 18 to 20 percent decline last year, enjoys at least relative stability.

#### The American Embassy Report

A report the American embassy in Muscat put out on Oman points out "If the oil prices remain at the levels of the latter part of 1986, the worst stage of economic retrenchment will end, even if a perceptible improvement does not occur until 1988."

However, the American embassy report pointed out at the same time that "another severe drop in oil prices might subject the economy once again to the clutches of the disruption which characterized most of 1986."

It appears that economic experts take a different view, which holds that oil production, which Oman is restricting in support of OPEC's efforts toward the general application of stability in the oil market, is still the hope for much of the estimated level of the budget and is about 600,000 barrels a day, which will more or less eliminate the benefits of the rise in prices.

The economists add the statement that it is not possible to anticipate a real revival in the economic climate until the proposed spending allocations are translated into tangible projects and there is no evidence worth mentioning of the public sector's assumption of major projects before 1988.

The economists consider that 1987 will be a year of reinforcement for the Omani economy and its main characteristic will be the government's attempt to develop and protect the private sector and reduce dependence on oil.

#### The Opening of a Stock Exchange

One feature of this emphasis will be the opening of a securities market, a "stock exchange," at the end of this year, and encouragement of the establishment of new joint stock companies in the area of light industries.

It is well known that the sultanate's third 5-year plan, 1986-90, which has not yet been declared because of the state of uncertainty the oil market created last year, is founded on the need to develop the main non-oil sectors, such as agriculture, fishing and light industry.

A series of measures was taken to protect local industry, including the imposition of customs duties of 50 percent on cement imports. This is a step which economists consider an attempt to stop attempts by producers in the United Arab Emirates to flood the sultanate's markets with cement at prices that are below cost.

Will the Sultanate of Oman, however, be able to succeed with the policy of diversifying an economy where oil continues to yield 80 percent of the revenues?

That may not be possible at the outset, but carrying it out will remain contingent on the success of the government's policy of developing private sector activity.

In this regard it should be noted, for example, that wholesale and retail trade came to 369 million riyals in 1986 as compared with 445 million in 1985, that is, a drop of 17 percent, while this trade is to be developed in the context of the policy of developing the private sector, not to speak of developing the light industries which can play a major role in the plan to diversify the sources of the Omani economy.

The Omani Balance of Payments (in Millions of Riyals)

Section	1983	1984	1985	1986
Exports	1,470	1,527	1,717	1,100
Imports	906	1,013	1,162	1,045
Balance of Trade	564	514	555	55
Balance of Services and Personal Remittances	450	77	517	400
Current Account Balance	114	37	38	345

Domestic National Product Valued in Current Prices (in Millions of Riyals)

Section	1983	1984	1985	1986
Annual National Product	2,739	3,046	3,464	2,343
Percentage Index	100	111	145	85

11887

CSO: 4404/421

TUNISIA

NEAR EAST

ITALY: TRADE INSTITUTE CENTER FOR TUNISIA

AU291319 Rome ANSA in English 1240 GMT 29 Jun 87

[Text] (ANSA) Tunis, 29 June--In line with the plans of the Italian Foreign Trade Institute (ICE) to expand trade relations between Italy and other Mediterranean nations, Tunis has been chosen to be the ICE coordination center, ICE President Marcello Inghilesi told ANSA here today at the inauguration of the center in the Tunisian capital.

Taking part in the inauguration ceremonies were Tunisia's Minister for the Economy and Trade Slaheddine Ben Mbarek, Italy's ambassador to Tunis, Claudio Moreno, ICE Tunis Office Chief Luigi Sanna and numerous members of Tunisia's financial and business world.

The Tunis ICE office, that has been operating for the past 15 years, will be in charge of coordinating the institute's activities in northern Africa, including Morocco, Algeria, Tunisia, Libya, Egypt and Lebanon.

One of the reasons Tunis was chosen was that it hosts the headquarters of the Arab League and is a meeting point between African and Europe.

Ambassador Moreno recalled, at the inauguration ceremony, that Italy has close ties with Tunisia and has over the past few years granted close to 1.3 billion dollars in financial assistance.

Minister Ben Mbarek underlined the importance of industrial cooperation between Italy and Tunisia--citing the Pirelli tire plant and the Lombardini diesel motor factory that both operate here--and urged that further development take place [in] this sector.

In his address, Inghilesi pointed out that a new Italian law on development assistance, passed in February, should streamline the process for setting up joint ventures. According to the ICE chief, what is more important today is not the transfer of material, but of technical know-how for support industries.

"While there are service industries there is development" he added.

ICE has 80 offices throughout the world including those in the African nations of Ivory Coast, Kenya, Mozambique, Nigeria, Cameroon, South Africa and Zaire.

The new Tunis Coordination Center will be linked up with SICE--the Foreign Trade Information System--whose central offices in Rome serve as a data bank compiling data from a wide range of nations.

/12232

CSO: 4500/122

## EXPORT INCOME FROM JAPAN INCREASES

Dubayy KHALEEF TIMES in English 7 Jul 87 p 14

## [Text]

WITH oil prices remaining stable, UAE's export earnings from shipments to Japan, its largest trading partner, increased this year. The value of exports to Japan in the first quarter touched \$1.268 billion—nearly 90 per cent of which included oil, gas and condensates.

Total exports to Japan accounted for \$5.947 billion last year and total oil earnings this year, it is felt, could hit the 1986 mark if oil prices continue to remain stable.

The UAE is Japan's largest crude supplier and last year it met 21.4 per cent of that country's total needs. Japan lifted nearly 90 per cent of UAE's total oil exports.

Japanese imports from the UAE (on the CIF basis) were being maintained this year, although an appreciating yen over the past two years has meant fluctuating figures: for instance, UAE's export earnings were \$7.72 billion in 1984 and \$8.91 billion in 1985. Only in 1986 however a sharp decline occurred.

The Gulf region provides 75 per cent of Japan's total oil requirements.

The Japanese government and industry, faced with shorter export earnings because of the appreciated yen, are making a special thrust in the UAE and other Gulf markets. With yen having already hit its all-time high mark some of the Japanese exporting sectors are reporting an end to the continuous decline

in the value of their exports to the UAE, according to Kenji Hamanaka, district general manager for Gulf states of C-Itoh and Co.

The sectors in which the decline has been arrested include textiles, automobiles, electrical machinery and heavy industrial items. The trend of Japanese exports to the UAE declining month after month in the past one year, had now been halted, said Mr Hamanaka.

Japanese exports to the UAE stood at \$253 million in the first quarter this year—the same as in the corresponding period of 1986.

The number of Japanese cars imported in the first quarter of this year

was 4,100, as against 18,600 for the whole of 1986, according to Kunito Shimizu, director of Japan External Trade Organisation (Jetro). Imports to other Gulf countries in the first quarter were as follows (figures in brackets indicate the number for the whole of 1986): Saudi Arabia 22,300 (75,800), Kuwait 4,300 (19,900), Sultanate of Oman 1,500 (9,800), Iraq 100 (3,000), Bahrain 600 (2,100), the two Yemens 140 (460), and Qatar 1,700 (5,500). Import of cars to the UAE was 50 per cent lower in 1986 over that of 1985.

There had been, said Mr Hamanaka, no let up in shipping services between Japan and the UAE. Five Japanese lines—Nippon Yusen, Mitsui OSK, YS Line, Showa Line and Kawasaki Line—were maintaining regular calls to UAE ports.

The Shalco plant of Sharjah, said Mr Hamanaka, had started operating at its full capacity of 400,000 tonnes of LPG a year and the entire produce was being lifted by C-Itoh, which along with another Japanese company has an equity participation in the Sharjah plant. LPG prices, he said, had improved in recent months from a low of \$90 a tonne to about \$125.

C-Itoh is also lifting 70 per cent of the LPG and 100 per cent of the NGL produced by Dugas. Mr Hamanaka said Dubai's economy and its re-export business continued to be sound and that Japanese companies were impressed by the special facilities in Jebel Ali Free Zone.

/9274

CSO: 4400/237

## BRIEFS

AGRICULTURAL PLANS ON TARGET IN ABYAN--The Department of Agriculture in Abyan is currently attempting to make use of the areas in the province which are irrigated and which recently exceeded 40,000 feddans. Of these areas, 80 percent will be earmarked for growing various types of grain during the current season; 20 percent will be earmarked for growing other crops. It is noteworthy that the plan for growing cotton achieved a high degree of success during the first half of the 1986-87 season: the plan called for the plantation of 7,000 feddans; the area actually planted was 7,460 feddans. Likewise, the plan for growing red onions achieved a high degree of success: the area planted was 658 feddans as compared with the 500 feddans envisaged by the plan. [Text] [Aden 14 UKTUBAR in Arabic 1 Jul 87 p 1] /9604

CSO: 4404/430



## VOCATIONAL EDUCATION TO BE EXPANDED

Kabul KABUL NEW TIMES in English 28 Jun 87 p 4

[Article by Nahid]

[Text]

Keen attention has been paid to the extension of vocational and technical education throughout the country in the post-revolution years for training of skilled and professional workers.

Over 3000 students are now enrolled in vocational schools throughout the country and about 3000 students have already graduated from these institutions, said junior assistant professor Mir Bahawuddin Saifi, who heads the technical and vocational department of the Ministry of Higher and Vocational Education to your correspondent.

Last year 1140 workers completed training in radio, television, refrigerator and machine repair sections as well as in construction, road building, repair and installation of water supply schemes, lathe and welding sections of the schools.

The schools admit students for six months to three year courses in 40 different vocational fields. 210 local and 150 Soviet teachers conduct these courses.

To improve training every year 230 students

of vocational and regular schools are sent to the Soviet Union. Also 95 candidates are admitted every year to industrial pedagogic technicums of the Soviet Union. They are employed as teachers in technical schools after completion of their studies. In addition, 30 teachers of the schools enjoy three-months fellowships in the Soviet Union to acquaint themselves with system of technical education there.

The first technical school was set up in Kabul city in 1982 with a strength of 102 students enrolled in industrial subjects. In 1984 the vocational schools of Herat and Balkh provinces were established with construction, machine repair textiles, road construction and spinning sections.

Ten vocational schools and an industrial pedagogic institute are planned to be established in different parts of the country during 1986-1991. Of them, the technical school for gas and oil in Sheberghan, the school for repairing KamAZ vehicles in Kabul, the trade and foodstuffs industries school, press school, and industrial school were set

up last year and have already started functioning.

Also the chemical school established with the cooperation of the Ministry of Mines and Industries in the Fertilizer and Thermal Power Plant of Mazar-i-Sharif and the irrigation school set up with the cooperation of Ministry of Irrigation and Water Resources in Lashkargah city are to start functioning by the end of this month.

The Ministry of Higher and Vocational Education has planned to establish a mechanized agricultural school in Kunduz province, a school for coal industry in Pulikhumri and a communications school in Kabul transport school of AFSOTR company and aviation school by the end of this year.

Some of the vocational schools are to be upgraded to secondary vocational schools and centres of technical education. The secondary vocational schools teach general science, besides technical skills. The graduates are awarded diploma. The schools admit students with different levels including illiterates, graduates of sixth and eighth grades and above in different fields.

## PAPERS REPORT, COMMENT ON ERSHAD BEIJING VISIT

## Speeches at 3 July Banquet

Dhaka THE BANGLADESH OBSERVER in English 4 Jul 87 pp 1, 12

[Text]

BEIJING, July 3:— President Hussain Muhammad Ershad today said that both Bangladesh and China have designed the relations between them according to the desire and demands of the present times through conscious and mutual efforts, reports BSS.

#### Speaking at a banquet hosted in

his honour by the Chinese President Li Xiannian at the Great Hall of the Peoples. President Ershad traced back the historical ties between the two nations dating back many centuries and hoped his present visit would generate further momentum for building many more bridges of friendship and cooperations between the two traditionally friendly countries.

The President pointed out to the widening disparity between the developed and the developing countries and said a large part of the Third World is groaning under staggering death burdens, the imbalance which is thus becoming a frightful reality does not augur well both for the developed and the developing countries.

President Ershad said: "The necessity for a realistic North-South dialogue is an imperative while at the same time the organisation of South-South platform brooks no delay". These, he observed, would be the first stepping stone towards the establishment of the new international economic order.

Expressing his concern about the continued arms race and unrestricted use of scarce resources for military purpose, he said this had resulted in a progressive escalation of global tension. He asserted that redirection of resources from armaments to economic development

would be in the interests of developed, and developing countries alike.

In this context he said: "As a littoral state, we are deeply concerned at the increasing super-power rivalry in the Indian Ocean." He reiterated Bangladesh support to the UN resolution on declaration of the Indian Ocean as a zone of peace.

President Ershad reaffirmed Bangladesh's total support to the people of South Africa and Namibia in their just struggle for freedom and justice saying: "barbaric inhumanity in the form of racism cannot be condoned".

Turning to the international situation including the problem of Palestine and Al-Quds which are till to be solved, he said, the situation nonetheless continued to be a source of profound anxiety for all.

He said there could be no lasting peace in West Asia without a total and unconditional vacation of Arab territories occupied by Israel and recognition of the legitimate and inalienable national rights of the

people of Palestine to the homeland of their own under the leadership of P.L.O.

The President mentioned the fratricidal war between Iran and Iraq and said this situation in the Gulf continued to cause us deep frustration and anguish. "We also are concerned at the prevailing situation in Afghanistan and Kampuchea," he said.

Speaking about the development initiatives taken at home to attain economic self reliance at the earliest upholding aspiration of the people, President Ershad said, along the reformatory measures of far-reaching significance results of which were now visible, the representative institutions were in their place to play pivotal role in national life. "We look forward to the future with confidence and vigour", he added.

In this connection he said: "We need peace and tranquillity in the international environment for our national development and improving the quality of life".

So, the President said, it had been our consistent endeavour to join forces with like-minded nations and act in concert with them in international arena for the preservation of peace and security and promotion of harmony and cooperation.

President expressed his optimism about SAARC to widen the vista of understanding and cooperation between nations of the region and said, it had passed the acid test and Bangladesh believed that a new chapter in the history of South Asia had been opened which promised

collective benefit for the nations of the region.

President lauded the Chinese leadership for leading China towards progress and development and said: "We watch with admiration the development attained by the industrious, innovative and dedicated Chinese people make through adoption of enlightened and pragmatic policies by the leaders."

EARLIER, Chinese President Li Xiannian today re-affirmed his country's continued support and cooperation to Bangladesh in the cause of safeguarding national independence, striving for national development and promoting world peace.

The Chinese President said, being Third World countries, both China and Bangladesh share aspirations for peace and development. He expressed the confidence that the current visit of President Ershad to China will further enhance the mutual understanding "between the two countries and peoples and push the Sino-Bangladesh relations to a new high".

President Li Xiannian said the Bangladesh people have made unremitting efforts and scored gratifying successes in developing national

economy and advancing domestic unity and stability under the leadership of President Ershad.

He said Bangladesh has made great efforts to develop relations with its neighbouring countries and strengthen unity and cooperation with other Third World countries and has rendered support to the just struggles of the people of Afghanistan, Kampuchea and other countries, thus winning admiration from the international community. "The Chinese Government and people sincerely wish Bangladesh still greater successes on the road of advancement", he said.

The Chinese President said China and Bangladesh are close neighbours and the traditional friendship between the two peoples dates back to ancient times, since the establishment of diplomatic ties, the bilateral relations between the two countries developed quite smoothly on the basis of the five principles of peaceful co-existence, he pointed out.

President Li Xiannian said Bangladesh and China have carried out fruitful cooperation in the political, economic, scientific, technological, cultural and other fields. In international affairs, he said, China and Bangladesh have closely cooperated with each other in a joint efforts to

maintain peace in Asia and the world as a whole.

He referred to the role played by President Ershad in promoting Sino-Bangladesh relations and said he (Ershad) has made important contributions to the development of our bilateral friendly relations and cooperation.

The Chinese President noted with pleasure the progress made by South Asian Association for Regional Cooperation (SAARC) and said this is not only in the interest of all the people of South Asian countries but also conducive to peace and stability in this region.

The banquet was attended by Deputy Prime Minister Kazi Zafar Ahmed, Foreign Minister Humayun Rasheed Chowdhury, Women Affairs Minister Rabia Bhuiyan, Hafizuddin Ahmed, MP, Khaledur Rahman Tito MP, Secretary, External Resources Division M.K. Anwar, Secretary Ministry of Law and Justice, Mohammad Abdul Quddus Chowdhury, Major General Mohammad Abdul Latif, Bangladesh Ambassador to China A.Z.M. Enayetullah Khan and other members of the delegation.

From Chinese side top ranking Chinese dignitaries attended the banquet.

### Ershad-Zhao Talks

Dhaka THE NEW NATION in English 4 Jul 87 pp 1, 8

[Text]

BEIJING, July 3 (BSS): Bangladesh and China have agreed to intensify further the bilateral relations and cooperation between the two countries at the talks held here today between President Hussain Muhammad Ershad and Chinese Premier Zhao Ziyang.

The two leaders emphasised on the potentials for further cooperation in political, cultural, trade, economic and other fields for the mutual benefits of the two peoples.

Briefing BSS on the fruitful talks held at the Great Hall of the People in a friendly and cordial atmosphere, Foreign Minister Humayun Rasheed Chowdhury said the talks lasting two and a half hours covered wide ranging areas of bilateral issues.

He said the two leaders exchanged views on all current

international issues and agreed to cooperate with each other in the maintenance of world peace.

On bilateral plan the Chinese side expressed its deep interest for participating in the construction of the proposed Jamuna Bridge. It also agreed to construct a bridge at Shambhuganj in Mymensingh district.

The Chinese side expressed its willingness to extend further commodity credits to Bangladesh and indicated the readiness to offer more project aid after exhaustion of the current project assistance already given by China.

Bangladesh side expressed its interest in ship building industry of China and sought Chinese assistance to increase its fleet of ocean-going vessels. The Chinese side agreed to discuss the matter further.

The two sides agreed to have a joint consultation between their ministers of civil aviation for working out modalities for linking the two countries by air.

In the talks President Ershad was assisted by Deputy Prime Minister Kazi Zafar Ahmed, Foreign Minister Humayun Rasheed Chowdhury, Woman Affairs Minister Rabia Bhuiyan Secretary External Resources Division M.K. Anwar, Sec-

retary, Ministry of Law and Justice Mohammad Abdul Quddus Chowdhury, Bangladesh ambassador to China A.Z.M. Enayetullah Khan and high officials.

Chinese Premier Zhao Zhiyang was aided by Vice Premier Liu Xuqing, Vice Chairman of the National Assembly Huang Hua, Foreign Minister WU Xue Qian and high officials.

### Ershad-Deng Talks

Dhaka THE BANGLADESH OBSERVER in English 5 Jul 87 pp 1, 8

#### [Text]

BEIJING, July 4:—Veteran Chinese leader Chairman Deng Xiaoping and President Hussain Muhammad Ershad today reaffirmed their desire to further intensify the already existing bonds of friendship and cooperation between Bangladesh and China to the mutual benefits of the two peoples, reports BSS.

The two leaders, who met at the Great Hall of the People here this morning, expressed their satisfaction at the existing bonds of friendship and cooperation as the two countries are good friends and hold identical views on wide ranging issues.

Chairman Deng Xiaoping said, "We are old friends, we have met many time. This is your fourth visit to China and we have many channels to pursue our friendship." In

reply President Ershad said "We are indeed good friends, we are like brothers and Bangladesh and China will continue to work together in the coming days.

Chairman Deng assured his country's all possible cooperation and help in the development efforts of Bangladesh.

He explained in detail China's open door policy and said his country would continue the policy in future. Referring to the forthcoming 13th Party Congress, he indicated that the Congress would devote to the task of reforming the policy structure and promotion of younger generations to the leading posts.

The Chinese leader referred to the handful of ultra-left and ultra-right forces opposing the reforms and said ultra-left "belong to old guards while the ultra-rights are those who wanted China to pursue

bourgeois policy and imitate the democracy of the West." In this context, he emphasised the need for solving the local problems locally and opposed the policy of imported solution to local problems.

He said China previously felt that a world war is inevitable but now thinks that such a conflict can be avoided through concerted development and uplift of the Third World. He described China as a Third World country and hoped that in next 50 years the country will become a medium developed country.

President Ershad informed the Chinese leader of the reforms effected by his government in political, social, judicial and administrative sectors.

Earlier, President Ershad laid wreath at the monument to the people's heroes at the Tiananmen Square.

### PRC-Bangladesh Cooperation Examined

Dhaka THE NEW NATION in English 9 Jul 87 p 5

#### [Editorial]

#### [Text]

"I am sure that friendship between China and Bangladesh which goes back to ancient times will last for ever like the Yanglung Zangbo-Brahmaputra that run through our two countries."

This statement was made by the Chinese Premier Zhao Ziyang at a banquet given in honour of President Ershad at the Great Hall

five years ago. Facts will speak how the statement confidently made by the Chinese Premier has come true. Since then there has been remarkable progress in the matter of bilateral relation and cooperation between the two countries and the bond of friendship has further been strengthened, and we believe, this friendship based on mutual faith and respect will grow from strength to strength.

China is already involved in a number of our development projects including the construction of the Friendship Bridge, Palash Fertilizer Factory and Rupganj Water Conservancy Project. According to available figures, both ways bilateral trade between Bangladesh and China has also risen steadily from the level of Taka 428 million in 1976-77 to Taka 2,585 million in 1984-85. Moreover, she came up with a substantial 100 million yuan (U.S. dollar 35 million) assistance to back up Bangladesh's Third Five Year Plan. The two countries have a ministerial level joint economic commission designed to step up bilateral, economic, trade and technical cooperation as well as a number of agreements in different fields. That the commission is doing its best to push the Sino-Bangladesh economic relations to a new high is reflected in the progress made so far.

To make the cooperation a matter of both-way traffic in the real sense, Bangladesh, though poor herself, is building up the China Friendship School in Beijing with an expenditure of one million dollars. The endeavour is small, but this is a token of sincere love and friendship from the side of a poor but friendly country.

The just concluded six-day state visit made by our President has also come forth with a number of positive developments worth mention. The Chinese government has expressed its deep interest in participating in the construction of the proposed Jamuna Bridge. She has also agreed to construct Shambhuganj Bridge over the Brahmaputra and a protocol has been signed in this respect. She has further agreed to provide Bangladesh with soft term suppliers credit for buying nine oceanliners at a concessional price thus doing double favour at the same deal. These and other agreements and understandings reached will, we believe,

open more channels of cooperation between the two countries ready to help each other though both are poor. Further scope of transfer of technology and scientific knowhow and the modus operandi of establishing airlink between the two countries are also being seriously considered.

All these developments have been possible because both the countries have identical views on regional and international issues. As neighbours they want to live peacefully on the basis of five principles of coexistence and sincerely believe that peaceful coexistence is the precondition to good living and further development of all the nations.

In fact Bangladesh has much to gain from the Chinese experience in different fields including family planning, and health services, agriculture; industry, education, sports and many other fields. In the matter of controlling flood Bangladesh can gain from Chinese experience. China's present trend of promoting the younger generations to the leading posts may also be tried in our country. What tremendous progress China has achieved in less than two scores of years through great efforts and sacrifice is not only worth noticing, but is also worth imitating. It is upto us whether we are desirous and capable of learning from a good friend and neighbour.

The China-Bangladesh Friendship Societies in both the countries can play a vital role in further cementing the tie of friendship and exploring new fields of cooperation. Unfortunately the thirtyfour years old Bangladesh-China Friendship Society in Bangladesh has been facing some problems due to unreasonable behaviour of some quarters and some people are trying to cause split in the organisation. This is not only disturbing the internal set up, but has also caused some problems and confusions for our Chinese friends running the friendship society in China. Those who are concerned about the Sino-Bangladesh friendship have a role to play in overcoming the crisis.

## **A QUESTION OF PUBLIC HEALTH**

Cleanliness, as social scientists have all too fervently pointed out over the years, is an essential hallmark of civilised existence ; and



it is for this reason alone that societies that straddle the different cultural regions of the world have made it a point to ensure that men and women live in surroundings that are clean and hygienic, though not necessarily idyllic. Of course, the problems that are associated with modern living have lately contributed to an increase in health hazards, particularly in developing countries, but it is a relief to know that government and their agencies are always expending efforts towards tackling such issues. That is all very good. But how is one expected to react when bodies entrusted with the task of maintaining and upholding civic welfare are themselves, directly or indirectly, responsible for the physical unease of citizens? The recent activities related to garbage collection and disposal under the aegis of the city municipal authorities show rather clearly a situation where people have suffered and have been suffering without any sign that the process will come to an end soon.

The case that one would like to cite here, in line with what has been stated above, is that for a long time now the municipal authorities have been engaged in the disposal of urban garbage in the busy commercial area of Motijheel and the adjoining residential area of Arambagh. It is not that garbage should not be disposed of, but it is indeed beyond comprehension as to why such garbage has to be unloaded in Motijheel, which incidentally is Dhaka's central business district. Office-goers, businessmen and passersby have all been complaining that the stench from the garbage not only pollutes the whole area, but also does something worse: It hampers significantly the work in the offices situated in the area. Indeed, not long ago, the newspaper photograph of employees in an office attempting to perform their duties through tying up their noses with handkerchief said it all and for sometime the municipal people stopped sending garbage to the area. A few days back, though, no less an individual than the President of the Dhaka Chamber of Commerce and Industry publicly charged the municipality with polluting Motijheel and Arambagh through an unexplained resumption of garbage disposal in the area. That is serious indeed. What do the municipal people do now?

Commonsense tells us that no individual or organisation can arrogate to itself the right to put life—anybody's—at risk. Unfortunately, in Motijheel, which in a certain sense serves as the nerve centre of Dhaka's and the country's commercial activities, the risk has been there for the last couple of months or so. The DCCI chief says that some employees of his organisation have already fallen victim to diarrhoeal diseases. One can now safely assume that there are others who may not have escaped the danger. In such circumstances, it is only natural to ask the municipal authorities to act with a little care and a little restraint. And that means that Motijheel or for that matter any commercial or residential area must not officially be turned into garbage disposal sites. There are areas on the outskirts of the city for such work. Perhaps the municipal trucks will move in that direction ?

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CSO 4600/1854



# KILLING OF BORDER GUARDS SPARKS REACTION

## Foreign Minister in Parliament

Dhaka THE NEW NATION in English 28 Jun 87 pp 1, 8

[Text]

Foreign Minister Humayun Rasheed Chowdhury has called upon the people, the Armed Forces and the paramilitary forces to remain alert against any attack from across the border.

The people of Bangladesh had achieved their independence through a bloody war and they would not allow any attack against their independence and sovereignty so long they would have their last drop of blood, he declared in the Jatiya Sangsad yesterday.

In a statement on the killing of seven BDR Personnel by the Indian Border Security Force (BSF) on Thursday at Barkal upazila under Rangamati district, he said the nation is determined to safeguard the independence, sovereignty and territorial integrity of the country at any cost.

The foreign minister described the incident as "ghastly and unprovoked" and told the house that the government moved quickly on receipt of the news of the killing of the BDR personnel and took up the issue with the Indian authorities both in Dhaka and in Delhi.

He said, we had lodged a strong protest against this unprovoked and barbaric killing of our people and demanded punishment of the persons responsible for it and prevention of recurrence of such diabolical acts. We have also demanded adequate compensation from the Indian government, he said.

Giving an account of the incident, he said the sudden and unprovoked firing by the BSF men on the BDR personnel took place in broad day light while they were on a routine patrol in two speed boats from Tegamukh to Guichhari through the Tegakhal.

The Foreign Minister said the attackers were in BSF uniform armed with heavy weapons including machine guns and mortars. They took away the arms and other equipment of the BDR personnel after killing them, he said adding that another two persons who were injured in the incident were now under treatment at the Chittagong Combined Military Hospital.

He said it was unfortunate that the incident took place only after a week of his talks with the Indian Prime Minister and the Foreign Minister in New Delhi on bilateral matters. He said the discussions were held on the border insurgency and both sides had agreed to prevent such things and the Indian leaders reiterated their commitment to maintain good neighbourly relations.

Mr Chowdhury said that Thursday's incident immediately after his talks in New Delhi made him believe that the instructions of the top Indian leadership were not being properly reflected at the local levels. He said the recent incidents had even convinced some observers that because of the prevailing Indian political situation the instructions from the high level of the

Indian government in matters of ties with Bangladesh were being constantly and shamelessly ignored at the level of the local commanders.

The Foreign Minister said, "under this situation I am calling upon the people, the armed forces and the paramilitary forces through parliament to remain alert about such attacks". He, however, reiterated Bangladesh's willingness to maintain good neighbourly relations.

As the Foreign Minister resumed his seat, former BDR chief Major General (retd) Khairur Rahman, an Awami League MP, promptly took the floor and said such a big incident had never taken place in the past in which seven BDR personnel were killed. He said a per the ground rule the weapons taken by the BSF should have been given back immediately after the incident. He claimed truth was not revealed in the statement of the Foreign Minister.

Leader of the opposition Sheikh Hasina said such incident had taken place because of the subservient foreign policy of the government. She said the Ministry of Foreign Affairs and the Defence Ministry had failed to discharge their responsibility. "Our independence and sovereignty is at stake today" Sheikh Hasina said.

She said justice could not be done to the members of the bereaved family of the killed seven BDR personnel only through the passage of a condolence resolution in the house.

She said the root of the incident had to be found out. Sheikh Hasina demanded formation of a parliamentary committee for an on the spot investigation had suggested that the committee should report back to the Sangsad.

At this stage, the leader of the house Mizanur Rahman Chowdhury took the floor and said the incident had agitated the entire nation. He said the

Indian High Commission was summoned and duly handed over a strong protest note. He said, our BDR personnel were on routine patrol and the BSF men gunned down them suddenly in a planned way. The leader of the house assured that the government would continue negotiations at the diplomatic level for a permanent solution to this problem.

### Foreign Secretary Meets Newsmen

Dhaka THE NEW NATION in English 5 Jul 87 pp 1, 8

[Text]

Foreign Secretary Nazrul Islam yesterday asserted that there were "positive evidences" of killing seven BDR personnel by Indian BSF on June 25 in the Rangamati border area.

He told a questioner at a regular press briefing at the Foreign Ministry "an outright denial of the tragic incident does not take us anywhere and nobody can deny it."

The Foreign Secretary said the BDR men were on a routine journey by boat from one camp to the other through the border Tega canal when the Indian BSF opened fire on them from three sides killing seven and injuring two others. "There is eye-witnesses and other positive evidences of the Indian attack," he said.

It may be recalled here that India denied its border security force's attack on the BDR personnel when Bangladesh had lodged a strong protest immediately after the incident.

Faced volley of questions on the killings vis-a-vis Bangladesh-India relations, Mr Islam evaded direct replies saying the Foreign Minister had already made a statement in this regard in Parliament few days ago.

He rather expressed "shock" for the incident that took place

soon after the recent talks of Foreign Minister Humayun Rasheed Choudhury with the Indian Prime Minister and Foreign Minister in Delhi. "It came as a shock after positive assurances from the Indian leadership at the Delhi meeting."

Asked on the Indian denial which described Bangladesh protest as fabricated, he said "what benefit Bangladesh can derive by fabricating it?"

The Foreign Secretary evaded another question whether the Indian administrative machinery did not carry out the instructions of the Indian leadership adding "how can I say, better you ask them."

He said both Bangladesh and India wanted to foster relations at the highest level. "It is our hope and expectations that the two countries will promote friendly ties and expand cooperation."

Asked about the talks of the Bangladesh High Commissioner to Delhi and the Indian High Commissioner to Dhaka in the Foreign Ministry, Mr Islam said the two envoys had not yet reported about the outcome.

When his attention was drawn to press reports on Indian BSF obstructing return of Ban-

gladesh Chakma refugees from Indian camps, the Foreign Secretary said many of those who had returned to their homes had made such statements.

Admitting the facts, he referred to a report appeared in an Indian daily "Sangbad" that comes out from Agartala in which the Indian hands in obstructing the return of Chakma was reflected.

The two governments were in touch with each other for working out a mechanism for the return of the refugees. He, however, did not elaborate.

The Foreign Secretary at his briefing mentioned the current visit of President Ershad to China and gave a resume of the third SAARC foreign ministers conference held recently in Delhi.

Replying to a question on frequent transfers of Bangladesh diplomats in missions abroad, he said the ministry henceforth would take care of this so that the purpose of the missions were not affected.

Asked about what steps had been taken against the Deputy Permanent Representative to the United Nations following assault on a maid at his house in New York, which was published in foreign media, he said "This is under consideration of the Government."

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CSO: 4600/1850

## IRANIAN DELEGATION LEADER MEETS DHAKA PRESS

Dhaka THE NEW NATION in English 7 Jul 87 pp 1, 8

[Text]

Mr. Mahmud Waezi, adviser to the Iranian Foreign Minister and leader of the visiting three-member Iranian delegation yesterday said there was "bright future" for his country's cooperation with Bangladesh in different fields.

I see a very bright future for bilateral cooperation between Iran and Bangladesh in economic, political and commercial fields" he said.

Addressing a press conference at a city hotel in Dhaka in the afternoon at the end of his delegation's visit, Mr Waezi said his delegation held talks with the government officials in Dhaka with a view to further expanding the areas of cooperation. The Delegation left Dhaka for Tehran last night after the visit.

During the talks they had finalised the draft agreement for setting up a joint economic commission. That would be signed in Tehran in the third week of this month when Bangladesh Foreign Minister would pay an official visit to Iran, he said and added the Bangladesh Foreign Minister would pay a three-day official visit to Tehran on July 19.

Mr. Waezi said the visit of the Bangladesh Foreign

Minister would further consolidate the fraternal ties between the two countries.

He described the relations between Dhaka and Tehran as "very close and friendly" and said both the Bangladesh and Iranian governments had decided to take steps for further expanding trade relations. In this regard he mentioned that an official team from the Iranian Commerce Ministry was now in Dhaka for working out details.

He informed that Iran had already opened letter of credit of 13 millions dollars for import of tea, hides and skin and newsprint from Bangladesh. Iran would also buy jute goods worth 9 million US dollars from Bangladesh.

Replying to a question on decline of trade volume with Iran in recent past, the Iranian adviser said "there had not been any problem which led to any decline and the main reason for the decline was due to the decline of oil price in Iran."

Mr Waezi lauded Bangladesh for playing her what he called "neutral role" so far the Iran-Iraq war was concerned.

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CSO: 4600/1855

## POLAND RECIPROCATES FOR POWDERED MILK BAN

Dhaka THE NEW NATION in English 6 Jul 87 pp 1, 8

[Article by Shebab Ahmed]

[Text]

Poland has stopped buying Bangladeshi tea in retaliation for Dhaka's refusal to accept Polish powder milk, which was seized in April after detection of radioactivity beyond permissible level.

Authoritative trading sources said, Poland abstained from bidding at Chittagong tea auction market since Bangladesh asked it to take back 3,000 tonnes of powder milk early last month.

Customs impounded the cargo after routine radiation tests by Bangladesh Atomic Energy Commission revealed presence of cesium-137, a harmful radioactive substance, beyond permissible level.

Bangladesh subsequently banned import of powder milk in bulk quantity in bags, lowered its acceptable level of cesium-137 to 95 becquerel (Bq)

from 300 Bq; and asked Poland to arrange for reexport of the impounded milk from Chittagong to Gdansk, the port of shipment.

Meanwhile, Poland informed Bangladesh recently that it would send a delegation to Dhaka to discuss the milk issue again. But it did not say whether it would take back the impounded consignment.

The Polish information came in reply to a note sent through diplomatic channel to organise reexport of the milk.

Commerce Minister M.A. Munim told the New Nation that he was not yet aware of any Polish decision to stop buying Bangladesh tea. "However if they have really decided to do so it would not cause any problem for us, since we would be able to sell it elsewhere," he

added.

Munim said, Bangladesh under no circumstances would discuss the issue of the quantum of radioactivity in the Polish milk. "We will only discuss the mechanism of reexport of the cargo by Poland," he pointed out.

The Polish delegation is expected to arrive in Dhaka soon to discuss the issue, Commerce Ministry officials said.

They said the Polish move would not affect Dhaka's export because Warsaw buys only a little quantity of tea from Bangladesh mostly to sell in third countries, notably Eastern Europe.

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CSO, 4600/1853

## COMMERCE MINISTER ANNOUNCES NEW IMPORT, EXPORT POLICIES

## Contents of Import Policy

Dhaka THE BANGLADESH OBSERVER in English 29 Jun 87 pp 1, 12

## [Text]

A Taka 5641 crore (U.S. dollar 1805.12 million) Import Policy was announced in Dhaka on Sunday for fiscal 1987-88 aimed at boosting the country's agricultural and industrial production and ensuring smooth supply of consumer goods and price stability, reports BSS.

For the outgoing year (1986-87), the import target was Taka 5534 crore of which Taka 3560 crore was expected to be utilised till the end of current month.

Announcing the new Import Policy over radio and television, Commerce Minister M.A. Munim described the policy as complimentary to successful implementation of the restructured fiscal policies proposed in the National Budget for next year to attain increased agricultural and industrial production.

The Commerce Minister said the other objectives of the policy were to discourage import of non-essential items and encourage the expansion of export trade through liberal import of raw materials, machinery and packaging goods and provision of other facilities for export-oriented industries.

Mr. Munim said in the outgoing year, the volume of import was not less than what was required although resources were utilised comparatively below the allocations.

He said because of the downward trend of prices of commodities in the international market and internal stock position there was no shortage of essential items in the market nor did it create any adverse reaction.

Of the total allocation of Taka 5641 crore, in 1987-88 Taka 3794 will come from alternate foreign exchange market, Taka 1487 crore as commodity credit and Taka 312.50 crore from barter and counter trade.

The Commerce Minister said this year Taka 47 crore in cash had been earmarked for Reserve Fund and the amount would be utilised for import of any essential items on an emergent basis if there were any shortages.

## Import of banned items relaxed

Mr. Munim said while formulating the policy the lists of banned and conditional imported items, were further squeezed and in most of the cases the import of such items had been liberalised and in some cases arrangements had been made for import of certain items on conditions.

The Commerce Minister said under the new policy the industrial units which had import entitlement of necessary raw materials, and machinery for increasing their production could import twice more than their entitlement.

He said under the new policy all kinds of raw materials, packaging materials and machinery outside the banned and conditional lists could be imported by the importers on a very liberal basis having no restrictions on the value or quantity.

Mr. Munim said to protect the interest of domestic textile products

and handloom the quantum of import of cotton and synthetic clothes would be confined within ten crore meters. A directive in this regard would soon be issued.

He said the existing provision for liberal import of coconut oil, B.P. sheet, G.P. sheet and C.I. sheet would continue in the next year.

The import permit for old clothes like blanket, sweater, overcoat, Ladies cardigan, male jacket and trousers, and synthetic and blended shirts would be given on district quota basis.

## All kinds of cars can now be imported

Under the new policy, the Commerce Minister said, restrictions on

import of motorcars over 1600 c.c. had been withdrawn. Now all kinds of cars irrespective of engine powers can be imported, he added.

He said at present 5-year-old reconditioned cars could be imported. In the new policy the limit had been raised to six years he said adding that this would facilitate import of reconditioned cars from Japan at a much cheaper rate.

The policy would also enable the recognised industrial units to import up to 75 per cent of their import entitlement of raw rubber. Import of the rest 25 per cent would be subjected to permission given by Forest Development Corporation.

Restrictions on import of centrifugal pump, hard rubber pump, acid pump, feed pump for boiler and 80 feet head pump with or without motor for lifting one lakh gallons of water per hour will stand withdrawn next year.

## Contents of Export Policy

Dhaka THE BANGLADESH OBSERVER in English 29 Jun 87 pp 1, 12

### [Text]

Commerce Minister Mohammad Abdul Munim on Sunday announced a Taka 3,440 crore (1.1 billion U.S. dollar) export target for the country for fiscal 1987-88, reports BSS.

Announcing the Export Policy for the coming fiscal year, the Commerce Minister said the target is 8 per cent higher in Taka value and about 9 per cent higher in dollar value than the figure for current year (1986-87).

He said the export target was fixed on the basis of the surplus in the traditional items, diversified non-traditional items, increased production as well as considering the possible condition of the world market for our products.

The Export Policy reflects the trend of an expanding industrial and manufacturing sector which is expected to contribute an enlarged share worth 782 million U.S. dollar while the primary products are envisaged to fetch about 318 million U.S. dollar.

The ratio of contribution of the primary and industrial sector in the export earnings will be 29.71 respectively in the forthcoming fiscal year.

The Commerce Minister said one of the prime objectives of the next year's Export Policy is to narrow the gap between the country's export earnings and the import bills.

### More non-traditional items to be exported

Mr. Munim said the new Export Policy would seek to strengthen and diversify the country's export base through enlisting new and greater volume of non-traditional items.

He said the Export Policy would be backed by surplus production through reorganised and improved means of production in the traditional sectors.

Besides, measures had also been taken to provide necessary back-up support to produce exportable items and to give incentives for production of value-added goods.

The Export Policy will seek to explore new markets abroad, alongside the efforts for consolidating the existing ones through vigorous initiatives, market promotion and simplification of procedures.

The Commerce Minister said export credit facilities would be continued to be extended through further procedural simplification. In this context, he said, a high-powered committee with the Governor of the Bangladesh Bank had been instituted to look into the affair of export credit.

He said next fiscal year will also see the functioning of a number of export houses in the public and private sectors that will help accelerate the pace of exports.

### Frozen food to be a thrust sector

The frozen food sector will con-

tinue to be considered as a "thrust sector" during the coming fiscal year when electronics are expected to be given special attention for possible inclusion in this category.

As part of the Government's policy to encourage exports of value-added items, wet-blue leather will not receive XPB facilities from next fiscal year but would continue to get the duty drawback facility.

However, if wet-blue leather is supplied to exporters of crust/finished leather, it would be considered as "implied export" and as such, the suppliers would received the XPB facilities.

Besides, adequate measures had been taken in the new Export Policy to sanction foreign exchange at wage earners' rate for publicity and advertisements in the foreign media.

Under the new policy, measures would be taken to increase the allocation for imports of raw materials and spares to export-oriented industries on the basis of their undertaking for increased exports through pass-book entry system.

Another salient feature of the new Export Policy is that XPB rate had been increased on a number of non-traditional items like Jamdani and Tangail sarees, pencils, wooden slates and stapler pin.

"The most important feature of the new Export Policy is to make allout efforts to boost our export", the Commerce Minister said underlining the importance of increasing production in all sectors.

## Commerce Minister Meets Newsmen

Dhaka THE BANGLADESH OBSERVER in English 30 Jun 87 pp 1, 8

### [Text]

The Commerce Minister M.A. Munim said on Monday that stern measures and disciplinary actions would be taken against those who had violated office secrets by selling Import Policy document before its announcement, reports BSS.

The Commerce Minister was addressing a Press conference in Dhaka on Monday.

Regarding the reported sale of the Import Policy document before its announcement, the Commerce Minister said that it was most unfortunate. He, however, said that the Import Policy was very liberal. No-

body would be able to cash any benefit from it.

The Commerce Minister said that the new Import and Export policies were aimed at boosting agricultural and industrial productions as well as ensuring smooth supply of consumer goods particularly the industrial raw materials.

The Commerce Minister explained the important features of the Import, Export and Tea Policies and said that these had been formulated in the line of the National Budget for 1987-88 fiscal year.

Explaining the important features of the Import Policy, he said the main objective of policy was to ensure smooth supply of raw materials to the labour-intensive industrial units.

He categorically said that special thrust had been given on entrepreneurship, small businessmen and manufacturers with a view to creating additional job opportunity in the light of the restructuring policy in the national budget.

Referring to the withdrawal of restrictions on certain items, the Commerce Minister said that this would on the one hand provide equal opportunity for all and on the other hand, help stop exploitation by certain quarters.

The Commerce Minister said that the new Import Policy measures would promote export-based industries and the volume of exports, ensure smooth supply of essential consumer items, and price stability.

These would also encourage the import of spare parts in lieu of component kits for the expansion of small but labour-intensive indus-

tries in the country and provide new opportunity to the small Importers at the district level, he pointed out.

The Commerce Minister said that the Government had allocated Taka 5,641 crore for 1987-88 fiscal year which represented a 1.93 per cent increase over the previous year.

Highlighting the important features of the Export Policy, the Commerce Minister said that maximum protection had been given to the individual entrepreneurs and small exporters.

He said that implementation of the export measures would increase the rate of export earnings over that of import expenditures to reduce the existing adverse balance of trade.

He said that the inclusion of new items in the export list would strengthen as well as diversify the export base in the country.

On a question about the delay of taking back the irradiated milk powder by Poland, the Commerce Secretary said that a Polish team was expected to arrive Dhaka to discuss the modality of taking back the irradiated milk powder.

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CSO, 4600/1852

## COMMERCE OFFICIAL GIVES TRADE STATISTICS FOR 1986-87

Dhaka THE BANGLADESH OBSERVER in English 8 Jul 87 p 1

## [Text]

The Deputy Minister for Commerce Lt. Col (rtd) H.M. Gaffar informed the Jatiya Sangsad on Tuesday that the trade deficit in the year 1986-87 was Taka 3102 crore. Replying a question by Mr. Mustafa Mohsin Mantu, the Commerce Minister said the deficit involved the import of foodgrains and capital machinery and the Commerce Ministry's import deficit was only Taka 470 crore.

Mr. Gaffar informed the House that the country's foreign exchange earnings from jute and jute goods export stood at 600 crore dollars which is equivalent to about taka 20 thousand crore at the present exchange rate. He said this replying a question by Mr. Ishaque Hussain Talukdar. Replying to another question by Rafiqul Islam Roni, the Deputy Minister for Commerce said that the value of Letter of Credit during the first ten months in last fiscal year was Taka 112.59 crore for import of yarn. Out of this, he said, the import value of cotton yarn is Taka 73.78 crore and that of synthetic yarn Taka 38.81 crore. He further told the House that in 11 months during the last fiscal year ending on

May 31 the Letters of Credit had been opened for an amount of Taka 81.04 crore for import of 3.09 crore metres of cloth.

The Minister gave a bright picture of export of cottage industry products which rose from Taka 3 lakhs six thousand in 1972-73 to Taka 10 crore 97 lakh in 1986-87. The Minister informed the House that the country earned Taka 289.50 crore till April, 1986.87 by exporting frozen shrimps. The Minister told a questioner that the Commerce Ministry issued 4000 licences for import of 30 thousand metric tons of C.I. sheets in 1986-87. He said the annual demand of C.I. sheet in the country is about 70 thousand metric tons. The production of C.I. sheets locally is about 50 thousand tons.

Mr. Gaffar told the House that the export earnings from tea stood at Taka 89.36 crore (29.44 million U.S. dollars) in 1986-87 till May by exporting 21.35 kilograms of tea. He also said there are 152 tea gardens in the country and the total production of tea in 1986 was 37.16 million kilograms. The total import of tea in 1985-86 was 29.82 million kilograms.

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CSO: 4600/1856



## BRIEFS

TRADE WITH ISLAM--A three-member delegation from the Jeddah-based Islamic Development Bank (IDB) yesterday held discussions with Bangladesh officials in Dhaka on the possibilities of establishing long-term trade relations among the member countries of the OIC, reports BSS. Bangladesh side was led by the Managing Director of Sonali Bank, Mr A. A. Quarsi, while the IDB delegation was headed by Dr Ali Qaudil. Bangladesh delegation in the talks included representatives from the Ministries of Finance, and Commerce, Bangladesh Bank, Export Promotion Bureau, T.C.B. and Dhaka Chamber of Commerce and Industries. The two other members of the IDB were Dr Mohamoud A. Gulaid and Mr Bayran Runcer. Out of 45 member countries of OIC, 18 including Bangladesh, have expressed their willingness to join the proposed long-term trade arrangements. As the biggest a nationalised bank of the country Sonali Bank has been given the responsibility to represent Bangladesh in the organization. [Text] [Dhaka THE NEW NATION in English 3 Jul 87 p 1] /9274

CREDIT FROM PRC--Dalian (China, 7 Jul (BSS)--China has agreed to provide Bangladesh with a soft term suppliers credit for buying nine new ocean-going multi-purpose cargo vessels at a concessional price from China. Bangladesh delegation sources told BSS today that China had agreed to give the credit following the discussions between President Hussain Muhammad Ershad and top Chinese leaders. [Text] [Dhaka THE NEW NATION in English 8 Jul 87 p 1] /9274

INDIAN ENVOY'S STATEMENT--The Indian High Commission in Dhaka has termed the statement of JAGPA published in a Section of the local press on June 28 as absolutely baseless and untrue. In a press release on June 29, the Indian High Commission denied the JAGPA allegations that the officials of the High Commission had refused to accept any memorandum brought by a group of demonstrators belonging to this party on June 27 afternoon. It also denied having agitated the demonstrators by passing certain remarks for which they started pelting stones. According to the press release, no memorandum was ever presented by the demonstrators to the High Commission officials. [Text] [Dhaka THE NEW NATION in English 1 Jul 87 p 3] /9274

ENVOY TO KUWAIT--Bangladesh Ambassador to Kuwait Mr K. M. Shehabuddin presented his credentials to the Amir of Kuwait Shaikh Jaber al-Ahmad al Jaber-al Sabah in Kuwaiti on Wednesday morning, according to a message received in Dhaka on Wednesday, reports BSS. The Deputy Prime Minister and Foreign

Minister of Kuwait Shaikh Abah al-Ahmed al-Sabha was present on the occasion. Accepting the credentials, the Amir described the Bangladesh-Kuwait relations as excellent and spoke of his close friendship with President Hussain Muhammad Ershad. He asked the Ambassador to convey his warm greeting to President Ershad. Earlier, the Deputy Prime Minister and Foreign Minister expressed thanks for President Ershad's constructive and leading role at the Islamic conference, particularly the last Islamic summit, for peace and security in the Gulf. [Text] [Dhaka THE BANGLADESH OBSERVER in English 9 Jul 87 p 3] /9274

AMBASSADOR TO THAILAND--Government has decided to appoint Kazi Anwarul Masud, at present Director-General in the Ministry of Foreign Affairs, as Ambassador of Bangladesh to Thailand, an official handout said in Dhaka on Sunday, reports BSS. Born in October 1943, Kazi Anwarul Masud obtained M.A. Degree in Economics. He joined Foreign Service in 1966 and held diplomatic assignments in Cairo, Rangoon, Brussels and Jeddah. [Text] [Dhaka THE BANGLADESH OBSERVER in English 6 Jul 87 p 3] /9274

NEW GDR AMBASSADOR--The Ambassador designate of the German Democratic Republic (GDR) to Bangladesh, Mr Klaus Maeser, presented his credentials to President Hussain Muhammad Ershad at Bangabhaban on Wednesday morning, reports BSS. Presenting his letter of credence, Mr Klaus Maeser expressed the confidence that the existing friendly relations between Bangladesh and GDR would be strengthened further in the coming days. Reciprocating the sentiments, President Ershad assured the new GDR envoy of all possible cooperation of his government in discharge of his responsibilities in Bangladesh. Earlier on arrival at Bangabhaban, Mr Klaus Maeser was given a guard of honour by a smartly turned out contingent of the President's guard regiment. He took salute and inspected the guard. [Text] [Dhaka THE BANGLADESH OBSERVER in English 5 Jul 87 p 8] /9274

ENVOY TO UK--The Government of the People's Republic of Bangladesh have decided to appoint Major General (Retd) K. M. Safiullah, at present Ambassador of Bangladesh to Sweden, as High Commissioner of Bangladesh to the United Kingdom, foreign office announced in Dhaka on Thursday, reports BSS. [Dhaka THE BANGLADESH OBSERVER in English 3 Jul 87 p 3] /9274

AMBASSADOR TO UN--Mr Justice B. A. Siddiky, permanent representative of Bangladesh to the United Nations presented his credentials to President Alan Garcia of Peru in Lima last Thursday. Mr Justice Siddiky is concurrently accredited to Peru as the ambassador of Bangladesh, according to a message received here. Speaking on the existing friendly relations and cooperation between the two countries, ambassador Siddiky said that his efforts would be to further ties between Bangladesh and Peru. He conveyed the warmest greetings from President Hussain Muhammad Ershad. President Garcia extended his greetings to President H. M. Ershad and the people of Bangladesh. [Text] [Dhaka THE NEW NATION in English 7 Jul 87 p 3] /9274

NEW EGYPTIAN ENVOY--Ambassador designate of Egypt to Bangladesh, Mohamad Moustapha Badr presented his credentials to President Hussain Muhammad Ershad at Bangabhaban on Thursday, reports BSS. Presenting his letter of credence,

the new Egyptian envoy expressed the confidence that the friendly and brotherly relations that existed between Bangladesh and Egypt would continue to be strengthened further in the coming days. Reciprocating the sentiments President Ershad assured Mr Moustapha Badr of all possible cooperation of his government in discharging his responsibilities here. [Text] [Dhaka THE NEW NATION in English 27 Jun 87 p 3] /9274

NEW MALI AMBASSADOR—Mr Sekou Soumano has been appointed ambassador of Mali to Bangladesh with residence in Riyadh, according to a Foreign Office announcement Thursday. [Text] [Dhaka THE NEW NATION in English 27 Jun 87 p 3] /9274

TRADE WITH SOVIETS—The volume of mutual trade turnover between Bangladesh and Soviet Union has increased significantly and amounted to about U.S. dollars 100 million in 1986 compared to 23 million U.S. dollars in 1973, head of the Soviet trade mission here, Mr Artour Vardanyan said yesterday, reports BSS. Addressing a press conference, Mr Vardanyan said the delivery of first consignment of Bangladesh garments to Soviet Union for which a contract was signed in December last would be accomplished this month. In case the Soviet buyers are satisfied with the quality of Bangladeshi garments, another lot of garments worth one to 1.5 million U.S. dollars is likely to be ordered for by the end of current year, he said. He said the USSR was one of the leading buyers on Bangladeshi traditional items. For instance, Mr Vardanyan said, in 1985-86 fiscal year the USSR was number three importer of raw jute and number one buyer of goat skins. He said USSR delivered to Bangladesh items like machinery and equipment, spare parts, petroleum products, cotton and some other goods. The trade relations between USSR and Bangladesh are based on trade agreements signed in March, 1972, the 15th anniversary of which has been commemorated recently, Mr Vardanyan said. [Text] [Dhaka THE NEW NATION in English 5 Jul 87 pp 1, 8] /9274

CSO: 4600/1851

## PRC ALLEGED TO SUPPORT, ARM ASSAM LIBERATION FRONT

Calcutta THE TELEGRAPH in English 12 Jun 87 p 5

[Text]

Guwahati, June 11: Communist guerrillas of the Kachin Independent Army (KIA) are imparting "advanced training" to rebels of the United Liberation Front of Assam (ULFA) in Burmese jungles bordering China, security sources said, quoting arrested ULFA leaders.

The KIA, which has been involved in a long-drawn bush war with Rangoon, is allegedly supported by China. According to intelligence sources, China is indirectly arming rebel outfits in the north-eastern region by making arms available to pro-Beijing groups like the KIA and the National Socialist Council of Nagaland (NSCN) who distribute them among smaller groups like the ULFA.

The security sources revealed that while some trained ULFA cadres had returned from Burma, about 100 men, led by the ULFA chief, Paresh Barua, were still receiving weapons training by the KIA.

## NSCN contact

The contact between the KIA and ULFA was made by the NSCN which provides "basic training" to the rebel outfit from Assam. Security sources said the ULFA had signed a "cooperation agreement" with the NSCN which collaborates with the KIA.

## China changes stance

China may have decided to change its stance of not supporting the rebels in the sensi-

tive north-eastern region, security sources felt. They said there was a definite pattern in the Chinese troop buildup along the Arunachal Pradesh border after the intrusion into Sumdurong Chu valley in July last year, and Beijing's renewed bid to arm rebels in the region. "They want to destabilise the region by encouraging separatist elements in the region," a top security source said.

Though the Centre does not yet possess any definite information of China arming and training extremist groups in the north-east, the recovery of Chinese-marked weapons from guerrillas bears testimony of Beijing's support of them. Security forces have recovered various types of weapons, including M-20 pistols and Stenguns with Chinese markings recently.

## REPORT ON NATWAR SINGH'S VISIT TO VIETNAM

Calcutta THE TELEGRAPH in English 7 Jul 87 p 6

[Text]

Ho Chi Minh City, July 6 (PTI): India will soon sign an agreement with Vietnam for oil exploration.

This was announced after talks between the minister of state for external affairs, Mr K. Natwar Singh, and the Vietnamese foreign minister, Mr Nguyen Co Thach.

Briefing newsmen, an official spokesman said the agreement would be signed in early autumn. It would basically deal with production sharing.

Oil exploration would be done off the shore of South Vietnam, where the prospects are considered to be good.

The talks lasted about 90 minutes, and the two leaders discussed bilateral and regional issues, including Kampuchea.

Mr Natwar Singh, who arrived here this morning from Phnom Penh on a three-day official visit was warmly received and driven straight to meet Mr Co. Thach.

Mr H.C.S. Dhody, joint secretary in the external affairs ministry, and India's ambassador in Vietnam, Mr Pushkar Johari, were present at the talks held in a free, frank and friendly atmosphere.

On the bilateral front, Mr Co Thach felt that there are greater prospect for economic cooperation between India and the three Indo-China countries—Laos,

Kampuchea and Vietnam.

It had been agreed that India and Vietnam would keep in close touch with each other in future regarding regional issues.

Mr Natwar Singh had accompanied the external affairs minister, Mr N.D. Tiwari, during the latter's visit here in January this year, and it was then decided that Mr Natwar Singh

would tour Asean and the Indo-China countries to hold talks on bilateral and regional issues.

During his current visit, Mr Natwar Singh has already held discussions with the leaders of Laos and Kampuchea.

Apart from the proposed cooperation in oil exploration, the two countries have also agreed to have cooperation in agriculture, textiles, science and technology and atomic energy.

Besides this, under the Indian Technical and Economic Cooperation programme, about 60 Vietnamese are trained annually in India.

Later in the day, Mr Natwar Singh is scheduled to call on the Vietnamese Prime Minister, Mr Pham Hung. The foreign minister will host a dinner in his honour tonight.

Mr Natwar Singh will leave for Hanoi tomorrow, where he will have discussions with the first deputy foreign minister, Mr Dinh No Liem.

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CSO: 4600/1844

## WRITER REPORTS INDO-IRANIAN TIES AT LOW EBB

Madras THE HINDU in English 3 Jul 87 p 9

[Article by F.J. Khargamvala]

[Text]

BAHRAIN, July 2.

Relations between India and Iran have deteriorated to such an extent that New Delhi may have to seriously consider how to keep them at a level sufficient to give a fresh boost once the Iranian domestic situation crystallises and a clear authority emerges out of factional struggle.

Hitherto it was felt that Iran shared India's desire for closer bilateral ties on the economic plane while understanding, if not, appreciating India's policy of maintaining a neutral position on the Gulf war. It is now clear that the internal power struggle prevents Teheran from reciprocating. There is a strong Islamic element in the Iranian leadership which does not permit delinking economic relations from India's secularism, which this Iranian element sees as the root cause of the recent communal riots.

It is perhaps for the fourth time in as many years that Teheran has backed out of an agreed oil for goods deal. On previous occasions, Iranian Government officials entering into such arrangements during talks at New Delhi, had been removed from their posts on return to Teheran. This must seriously question the wisdom of having any joint commission meetings with Iran.

**Meetings of no avail:** For instance, the Iranian Foreign Minister, Mr. Ali Akbar Velayati visited New Delhi in February this year as the Head of an Iranian delegation to the Joint Commission and made suitable noises about common cultural and historical ties. The huge trade advantage for Iran was agreed to be redressed through oil barter deals. Since then several meetings have been held to discuss trade in food, engineering goods and to iron out the problems surrounding Iranian restrictions on letters of credit for import of Indian goods. The scheme just does not seem to go into operation in contrast with the arrangement with Iraq on the same terms.

Admirable though Mr. Velayati's achievements have been in the international arena, it is clear that almost all decisions of Iranian professionals are subject to ratification or veto by other elements. This has also been the experience

of some West European diplomats in hostage-linked negotiations. Even in the case of the Indian hostage, Mr. Velayati has not been able to deliver on India's request for release.

The Islamic factor has impinged heavily on Iran's ability to adhere to agreements. Last month an Indian trade delegation, led by a senior Commerce Ministry official, was harangued at the opening session of talks for half-an-hour about the "persecution of Muslims in India". Certain other financial issues were raised as obstacles but apparently only as a mask to express the indignation of certain powerful elements in Iran including the heir apparent, Ayatollah Montazeri.

**Islamic factor:** Iran has even dispensed with the acceptable niceties that normally keep things going. The Indian Ambassador designate in Teheran has been waiting for almost two months to present his credentials after indications that this would be arranged during the holy month of Ramadan. This seems to be an offshoot of Iran's perception of events in Meerut. The tendency of letting its decisions be influenced by purely domestic events in other countries has been on the increase recently indicating the ascendancy of theocratic elements.

The issue of the attitude of Islamic nations towards communal riots needs to be addressed separately. There has been considerable media criticism in many countries including Saudi Arabia but in contrast with the Iranian Government's conduct, the Saudi Kingdom's attitude offers an insight into how a mature regime wishes to understand the Indian situation rather than let the heart rule the head. The new Indian Ambassador to the kingdom, Mr. Ishrat Aziz also presented his credentials last fortnight—after the events in Meerut. Instead of dismissing the event as a tedious protocol necessity, King Fahd Bin Abdul Aziz called him in for a discussion lasting over an hour to hear at first hand about events in India and New Delhi's relations with her neighbours.

It is very difficult to expect the earlier hopes of an official visit to India by the Iranian President to materialise. Further it seems that India will just have to wait and hope that a regime emerges from the Iranian power struggle that is willing to do business with it.

INDIA

SOUTH ASIA

MEMORANDUM ON TECHNOLOGY COOPERATION WITH NORWAY

Calcutta THE STATESMAN in English 7 Jul 87 p 1

[Text]

NEW DELHI, July 6.—India and Norway today paved the way for joint ventures in new and high technologies by signing a memorandum of understanding to mark the visit of Norway's Prime Minister, Mrs Gro Harlem Brundtland, reports PTI.

Mrs Brundtland, who arrived here early today, had talks with Mr Rajiv Gandhi. Mr Gandhi hosted a dinner for the Norwegian leader. Officials said the MOU covered a wide range of sectors from trade and off-shore activities to electronics and tourism.

After the talks, Mrs Brundtland said today's agreement on technical, economic and industrial relations could help evolve "mutually beneficial commercial cooperation" in many fields of high technology.

The proposed cooperation will also include licensing agreements in high-tech areas, apart from industrial tie-up in third countries through joint tendering and sub-contracting, officials said.

Mrs Brundtland is here on a dual capacity — as Prime Minister of Norway and chairperson of the World Commission on Environment and Development.

Earlier, Mrs Brundtland was accorded a warm welcome when she arrived on a three-day State visit. She was received at the airport by the Prime Minister, the External Affairs Minister, Mr N. D. Tiwari, the service chiefs, the diplomatic corps and others.

Shortly after her arrival, the Norwegian Prime Minister called on the President, Mr Zail Singh, at Rashtrapati Bhavan. The meeting lasted half an hour.

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CSO: 4600/1841



## PAPERS REPORT ON MEETING OF AID-INDIA CONSORTIUM

## Report on Finance Secretary's Address

New Delhi PATRIOT in English 23 Jun 87 p 9

## [Text]

Paris, June 22 (UNI)—India today urged its main donors and aid-giving agencies to reverse the recent unfavourable trends in flows of concessional assistance, pleading that continued flow of concessional aid was crucial for maintaining the new momentum of economic progress achieved by the country.

India feels that the recent moves to reduce its access to concessional assistance, particularly the resources of the International Development Association (IDA), the soft-lending affiliate of the World Bank, are in the nature of "penalties for good performance", Finance Secretary S Venkitaramanan told the Aid-India Consortium which began its annual meeting here.

The two-day meeting, chaired by the World Bank and attended by 14 donor nations and seven aid-giving agencies, is to review the current situation of the Indian economy and its prospects as well as consider India's aid requirements for the next year.

Mr Venkitaramanan told the Consortium that the recent unfavourable trends in the flows of concessional assistance must be reversed if the "new-found momentum of economic progress" and "far-reaching policy initiatives" of the Government were not to be halted or delayed by an unfavourable balance of payments scenario.

The challenges faced by India in alleviating poverty and sustaining development have no parallel, he said. "And the record has clearly demonstrated our effec-

tiveness in dealing with these problems".

Mr Venkitaramanan noted that there was a widespread appreciation of the Indian view now that unlimited recourse to capital flows on commercial terms was not the correct approach to meeting investment requirements in poor countries. "We have always held the view — endorsed by the latest World Bank report on India — that excessive commercial borrowings must be avoided if our debt service profile is to be maintained within prudent limits", he said.

The World Bank's report on India has amply documented the country's development and balance of payment needs, Mr Venkitaramanan said.

The critical role of enhanced multilateral official flows and concessional assistance from all sources was clear and indisputable, yet when India needed it most, commitments of concessional assistance were being restricted, he said.

India's share of official development assistance (ODA) commitments declined from 15 per cent in 1970 to under seven per cent in 1984-85. The net disbursement of ODA to India was less than five per cent of the total net ODA disbursements and was "hardly consistent with the vowed criteria" for allocating developmental assistance on the basis of poverty, effectiveness in aid utilisation and creditworthiness which were recently endorsed by the development committee's task force on concessional flows,

he pointed out.

Although India's development outlays have been financed predominantly by domestic savings, external assistance continues to be an important supplement to the country's efforts for achieving economic growth with social justice, the Finance Secretary said.

"The role of concessional assistance is particularly crucial for our balance of payments", he said.

Mr Venkitaramanan spoke of the difficult balance of payments situation that India was facing due to rising international oil prices, deceleration of trade and bunching of payment obligations on the country's past borrowings from the International Monetary Fund (IMF) and other sources.

India fully appreciated that the key to long-term viability in its balance of payments lay in sustained and rapid growth in export of goods and services, but "export is not a complete answer, especially in the short and medium term", Mr Venkitaramanan said.

A major part of Mr Venkitaramanan's speech dealt with the performance of the Indian economy during the first half of the seventh Plan, key policy initiatives taken by the Government during this period and the important tasks ahead.

He pointed out that the Indian economy has moved on to a higher growth path and the indications are that the real economic growth will average about five per cent a year in the sixth Plan and the first three years of the sev-



enth Plan as compared to the previous long-term trend of 3.5 per cent.

In the first three years of the seventh Plan, India is likely to fulfil more than 60 per cent of the five-year Plan target in real terms, he said adding "A feat unrivalled in previous five-year Plans".

The sustained growth in India's economy has been achieved against a backdrop of unfavourable developments in the international environment for trade, aid and other capital

flows which have restricted the growth of so many developing countries, the Finance Secretary said. "India's growth performance has been founded on a marked acceleration in industrial expansion and the resilience of agricultural production against the background of successive years of unfavourable weather".

India was also successful in achieving higher economic growth without high rates of inflation. Over the past six years inflation has averaged less than six

per cent and the current annual rate of inflation was kept at around five per cent, Mr Venkitaramanan said. India believed that its success in containing inflation was due to a judicious combination of monetary and fiscal policies for demand management coupled with strategic and selective measures for managing the supply of essential commodities, he said. India's large foodgrain stocks and widely dispersed public distribution system also played a crucial role in reducing inflation.

### Outcome of Meeting

Bombay THE TIMES OF INDIA in English 24 Jun 87 p 1

[Article by K. N. Malik]

[Text]

The Times of India News Service

PARIS, June 23.

**I**N a substantial endorsement of India's economic management, a consortium of 14 industrialised governments and other multinational financial institutions, led by the World Bank, today pledged India \$ 5.4 billion (about Rs. 7,000 crores) by way of concessional aid for fiscal year 1987-88.

In notional terms, it is 22 per cent higher than the pledges made last year. Taking into account the fall in the dollar value and inflation in industrialised countries, the increase would be of the order of 13 per cent.

The bank's soft-aid affiliate, the International Development Associa-

tion (IDA), has indicated about \$ 800 million lending. India got last year \$ 600 million by way of IDA funds. Since the IDA quantum has jumped from \$ 9 billion of IDA-7 to \$ 12 billion of IDA-8, India's share of IDA funds would not go up from the last year figure of 20 per cent.

India at one time got about 40 per cent of the IDA allocations. China's entry into the list of countries entitled for IDA funds and industrialised countries' general preoccupation with poorer third world countries have led to the decline in India's share of IDA funds.

The Indian delegation to the consortium meeting, which ended here today, was satisfied with the pledges made by donor countries and agencies.

The finance secretary and leader of the Indian delegation, Mr S. Venkitaramanan, said that donors had appreciated India's efforts in the field of poverty alleviation, the country's rate of economic growth, industrial and agricultural development and im-

provement in the current account balance and foreign trade balance.

He said that the donor agencies had accepted India's need for continued flow of foreign assistance at concessional rate. It was gratifying to note India's endorsement of economic management, especially when one noticed the difficult international environment of protectionism and hardening of aid terms due to political and domestic economic realities.

**POLITICAL SITUATION:** Many were worried about the deteriorating political performance and wondered how long good management of economy could be done when there was deterioration in all other areas of politics.

The consortium felt that there was an urgent need to improve the public sector performance which would increase public sector savings. Industrial growth should be managed in a way

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CSO: 4600/1825

INDIA

SOUTH ASIA

DELEGATES TO PARIS MEET HOPE FOR MORE CONSORTIUM AID

Madras THE HINDU in English 26 Jun 87 p 9

[Text]

NEW DELHI, June 25.

The Indian delegation to the Aid India Consortium meeting at Paris has returned with the hope that the actual commitment would be at least \$100 millions more than the figure of \$5.4 billions announced.

According to the Union Finance Secretary, Mr. S. Venkitaramanan, who led the delegation, some of the member-countries of the Consortium could not make any firm commitment and indicated that their final commitment would be higher. He expected that the final commitment would be around \$5.5 billions.

Mr. Venkitaramanan and his colleague Dr. Bimal Jalan, Secretary to Department of Banking, told presspersons that project-linked aid would constitute \$4.7 billions. They also noted that most of bilateral sources of aid had improved the quality of aid in the sense that they had converted loans into grants or credit on soft terms. Around \$3.5 billions of bilateral aid would be on soft terms.

The following is the country-wise break-up of aid committed on a firm basis: Germany \$358 millions; France \$331 millions; Canada \$60 millions; U.K. \$391 millions; U.S. \$134 millions. Japan had indicated \$451 millions but this was not the final figure. Japan was expected to increase its commitment. In the case of France, the commitment this time was double that made last year. In the case of the U.S., the commitment this year was lower than last year's.

Replying to questions, Mr. Venkitaramanan said that there was no discussion at Paris meeting on policies pursued by Indian Government. The Indian delegation explained the policies pursued by Indian Government and that was all to it. There was no question of any agreement at the meeting on the policies pursued by India. In fact, it was noted at the meeting by the member-countries of the Consortium that the approach of India was right and agreed that Consortium's assistance should be increased.

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CSO: 4600/1831

## GANDHI ASKED TO REORGANIZE PARTY AFTER HARYANA DEFEAT

Calcutta THE STATESMAN in English 7 Jul 87 p 1

[Article by D.P. Kumar]

[Text]

**NEW DELHI, July 6.**—After the Congress(I)'s defeat in the Haryana Assembly elections—indicating that the party's strength may be fast eroding in Hindi-speaking North India—several important party leaders and M.P.s have met Mr Rajiv Gandhi to demand that he drastically revamp the party organization and give it a new image and even go to the extent of splitting it as Indira Gandhi did in 1969 and again in 1978: each time the party faced a crisis.

To those making the suggestions, Mr Gandhi is said to have given the impression that he proposes to face the situation "determinedly" though not yet spelling out the moves he may have in his mind, neither giving any hint that he regards splitting the party as the remedy.

Those advocating a thorough reorganization have pointed out that if Mrs Gandhi had not split the party by cutting out Mr Morarji Desai, Mr Sanjiva Reddy, Nijalingappa, S. K. Patil and Atulya Ghosh she could not have won the 1971 elections and later again the 1980 elections if she had not "weeded out" some others in the 1978 split. In the present context, they have suggested that Mr Gandhi must get rid of "feudal elements" and members of the princely aristocracy who occupy key positions in the Rajiv set-up. Many of them became prominent in the party and the Government during the days of Sanjay Gandhi.

Although Mr Rajiv Gandhi is said to be in favour of a reorganization of the party and the Government to give both a new image

—which he can show to the people in the remaining half of his regime—he does not know how to go exactly about it or do away altogether with the legacy of Sanjay Gandhi's days. Besides, his own political thinking and ideology being what it is, he might have to convince himself first that he really wants to weed out the feudal elements. At the same time, Mr Gandhi's callers are reported to have told him that he has no alternative but to give his party a "pro-poor image", if he has to recapture its old mass appeal.

While this is one side of the picture, Mr Gandhi has apparently already launched on some kind of a face-lift for the party organization and also the Government. It is some time ago that he stripped the veteran Mr Kamalapati Tripathi of his "working presidentship" of the party and, a little later, brought in an old-guard, Mr Umashankar Dikshit, to prepare the party to go through organizational elections which have not been held for nearly 15 years. Mr Viswanath Pratap Singh was also dropped from the Cabinet—although for

different reasons.

Only a week ago, Mr Gandhi appointed four high-power party committees to go into the reasons for the debacle it suffered in the recent Haryana Assembly elections, as also for the tardy implementation of socio-economic programmes, the communal situation and the need to strengthen the party through organizational elections—all of which he regards as having brought about the debacle in Haryana.

What is noteworthy is that in the composition of these committees there is not a single name of a Youth Congress (I) leader.

The omission of Youth Congress (I) activists has, indeed, brought about a stir in that hitherto powerful organization, many of whose members were taken in the Union Council of Ministers or in the Rajya Sabha. There is already a hush-hush speculation in the corridors of the Congress (I) headquarters whether the Youth Congress (I) is, after all, going to be relegated to a cell or front organization of the parent body.

## INTERVIEW WITH CPI GENERAL SECRETARY RAO

New Delhi PATRIOT in English 23 Jun 87 p 5

[Interview with C. Rajeswara Rao by Arindam Sen Gupta]

[Text]

**C**PI general-secretary C Rajeswara Rao has spent an entire lifetime in struggles, and witnessed many an upheaval in contemporary Indian history. Consequently, he can see the present political turmoil in its perspective—neither is he deceived by the froth on the surface of the churn, nor is he unable to gauge the intensity of the churn.

He characterises the present political situation as one of "the severest crisis that the country has passed through". In a 75-minute talk with this correspondent, he analysed the situation, looked for the causes leading to the crisis and spelt out the tasks before his party at this historical juncture. Excerpts:

**Q:** How do you characterise the results of the recent Haryana poll?

**A:** As I see it, the Haryana poll results have one clear message—it is a verdict against the opportunist policies of the Congress. With regard to the problems between Haryana and Punjab. These policies have also to be seen in the backdrop of so many corruption scandals that have surfaced in the past few months and which have seriously eroded the credibility of the ruling party.

So much so that the last-minute steps taken by the Prime Minister to cultivate the Haryana people by giving them more water and by dismissing the Barnala Government in Punjab failed to convince them that the Congress is serious in safeguarding their interests.

**Q:** What are these 'interests'?

**A:** The water and territorial problems are the two things that is exercising the minds of the Haryana people the most. They were afraid that pressurised by Punjab, the Congress will let down Haryana. And they thought Devi Lal, who championed these interests, will be able to safeguard them.

**Q:** But how do you explain the anti-Congress wave? The CPI has won a seat in Haryana for the first time and observers say that you have won because virtually any opposition candidate would have won in this election.

**A:** The anti-Congress wave was because the ruling party's credibility is totally eroded. People in the streets think that it is a corrupt Government, only looking after the interests of the rich.

As for CPI's victory, I do not think it was only because people voted for the opposition candidate. After all, there was a BJP candidate contesting the same seat. People must have appreciated our stand which was not chauvinistic, either in Punjab or in Haryana. Plus we had the support of the Lok Dal (B) and the CPI-M.

**Q:** Can you put the Haryana poll in the overall political scenario in the country?

**A:** The country is in the grips of a serious political crisis, perhaps the severest it has ever passed through. This is because for the first time since independence, the question of the country's secular democratic set-up, its unity and integrity, is at stake. Communal forces are up in arms and raising dan-

gerous slogans in support of a Hindu state, Khalistan and now in support of a separate state in Jammu and Kashmir. Hindu communalism has become more aggressive now and the communalists are demanding reconversion of all masjids into temples since they are supposed to be built on former temples.

**Q:** It is said that now Muslim communalism has also become as aggressive?

**A:** While it is true that one kind of communalism helps another and therefore all have to be fought, in India the more dangerous variety of communalism is majority communalism. The late CPI leader Ajoy Ghosh had said that if at all fascism comes to India, it will be through Hindu communalism. Though Hindus, who form the overwhelming majority in this country, have not yet turned communalists, Hindu communalist forces have become more aggressive—ideologically, politically and practically.

**Q:** What is responsible for the sudden resurgence of communalism in the country?

**A:** Various factors have combined to bring about this situation. Increasing unemployment, poverty, price rise and corruption have placed an immense burden on the people. Their sense of discontent is being diverted by communalist, casteist, and linguistic chauvinistic forces. And these forces, in turn, are being aided by US imperialism, on the one hand, and the failure of the Congress to solve these problems by taking a softer attitude to these forces, on the other.

Strong action against these forces would have prevented riots in Meerut, Delhi and Gujarat. The present wave of riots is in the background of the Ram Janam Bhoomi-Babri Masjid controversy which was thoroughly mismanaged by the Centre and the UP State government. In Meerut, the administration has taken the side of Hindu communalism and let loose the PAC on the minority community.

Why don't such things happen in West Bengal where the Left Front Government is in power? They don't happen because whenever such situations arise, Chief Minister Jyoti Basu takes strong action and mobilises the people to counter the communalists. The 1984 all-India anti-Sikh riots is a case in point.

**Q:** Communalism is one aspect, there were the Naxalite killings recently in Bihar...

**A:** Well, there are few Naxalite groups who believe in individual annihilations, but most of them do not. In Bihar, Naxalism is mixed up with caste conflicts. The MCC, which carried out the Bihar carnage, are exploiting caste conflicts. They murdered Thakurs who have not participated in the earlier killings of Yadavas at another place. How such retaliation is justified, I fail to understand. They killed indiscriminately — old men, women and children.

We, the communist, need to step up our activities where these Naxalite forces have gained influence and organise struggles for the downtrodden and, at the same time, start an ideological war against Naxalism. That way the menace of this kind of Naxalism

can be overcome.

**Q:** There has also been a steady rise in regionalism, as can be seen in Assam and Andhra Pradesh.

**A:** Yes, regionalism is coming up not only in these two States but elsewhere too. It is coming up because the capitalist set-up in our country is not able to help the development of the various regions. Moreover, there is over-centralisation of power, specially financial power, and the Centre has been misusing Article 356 for dismissing State governments. This policy has to be corrected and backward regions must be given greater help so that they are at par with other regions.

**Q:** So communalism, separatism and regionalism has been gaining ground. At the same time, the party with all-India influence, Congress, is declining. What is the CPI doing to intervene and prevent things from taking a more dangerous turn?

**A:** Well, there is bound to be shake-up inside the Congress and we have to see how things develop there.

**Q:** Excuse my saying so, but are you not adopting the same wait-and-watch tactics which has often put the Left in the position of a bystander even as tumultuous developments take place? Is it not true that a right-of-centre alternative has emerged stronger from the weakening of the Congress, not a Left-of-the-centre alternative?

**A:** While you are right that there are efforts at forging a rightist alternative and these efforts are likely to be intensified in the near future, it is wrong to say that the Left has only been waiting and watching. Both the CPI and the CPI-M have been taking decisive

steps to prevent this from happening. We are for a left-democratic alternative to the present Government, an alternative that will safeguard the country's secular, democratic set-up, preserve its unity and also its anti-imperialist, non-aligned foreign policy.

We are closely watching all steps taken by rightist groupings. We are also watching the steps of V P Singh. We shall not allow the emergence of a rightist alternative. We are also taking initiatives to prevent this as our strong statement against the danger of the President subverting the Parliamentary democratic constitution will testify.

**Q:** Can you identify those with whom you can forge a Left-democratic alternative to the Congress.

**A:** We are willing to forge this alternative with all those who want to fight the communal forces, fight the imperialist conspiracy against our country and fight for preserving the country progressive foreign policy. All those who are willing to take up these fights, alongwith the Left parties, will form the left-democratic alternative.

**Q:** Can you identify the political parties whom you consider "secular and democratic"?

**A:** We do not see the bourgeois opposition parties in black and white. All of them contain elements which are secular and democratic. But we are not with those who say there is no danger from imperialism, who call it a bogey and who are capable of making sly attacks on the country's foreign policy.

/9274

CSO: 4600/1826

## FAIRFAX INQUIRY PANEL GIVEN 3-MONTH EXTENSION

Calcutta THE TELEGRAPH in English 7 Jul 87 p 1

[Text]

New Delhi, July 6: The Thakkar-Natarajan Commission, inquiring into the Fairfax issue has been granted an extension of three months, its term having expired today.

The commission was appointed on April 7 and directed to submit its report to the Union government within three months. The finance ministry announced today that its term was being extended, as desired by Justice M.P. Thakkar and Justice S. Natarajan, who are inquiring into the matter.

The commission, which is holding its sittings in camera, was asked to inquire into the events and circumstances leading to the arrangements entered into with Fairfax group Inc. of the United States.

The commission was directed to find out specifically whether Fairfax had been "engaged" by the government, or not? If it was, under what circumstances it was engaged, and the nature of engagement. Also, the authority under which it was engaged, its purpose and the terms and conditions. Finally, the commission was asked to determine whether Fairfax was competent to carry out the task that was entrusted to it.

The commission was also asked to find out whether the government had received any information from the Group, whether the government had made any information available

to it, and whether the security of the country had been prejudiced in any manner in making such arrangements.

**Bofors report**

The Prime Minister, Mr Rajiv Gandhi, today said there was no contradiction in the stand taken by the government of India and the Swedish audit bureau report on the Bofors arms sale.

Addressing a joint press conference with the visiting Norwegian Prime Minister, Mrs Gro Harlem Brundtland, Mr Gandhi told a correspondent that the government had already ordered a parliamentary probe following the submission of the report, and he would not like to say anything further before it gave its verdict.

Mr Gandhi also said that he had never called the Swedish radio disclosures on the Bofors gun deal as "malicious and mischievous."

**No Norwegian guns**

To another question whether he had any discussions on the subject with Mrs Brundtland, Mr Gandhi replied in the negative.

To a suggestion that some of the Bofors guns came from Norway, he quipped: "Thank you for letting me know that the guns were made in Norway. I did not know."

The former defence minister, Mr V.P. Singh, today demanded that India should press for a full audit of Bofors so that "we have access to the contract that holds the dark secret," adds UNI.

/13046

CSO: 4600/1843

## TATA INSTITUTE SCIENTISTS SEARCH FOR FIFTH FORCE

Calcutta THE TELEGRAPH in English 4 Jul 87 p 7

[Text]

Bombay, July 3 (PTI): Scientists at the Tata Institute of Fundamental Research, (TIFR), here will begin this month experiments to try to find the elusive Fifth Force which some physicists believe exists in the universe.

The team will install a special device, fabricated and already tested at TIFR, and sensitive enough to detect the Fifth Force inside a 75-foot-deep well at Gauribidanur in Karnataka.

The device, called a "resonance torsion balance", has already been shifted to the Gauribidanur site chosen because it is seismically quiet. "A few weeks' run with this instrument should throw light on the existence of this new force," a TIFR scientist, Dr Ramnath Cowsik, said.

The Fifth Force if it exists would demolish the high school physics rule that says all bodies fall down with the same acceleration—a law that Galileo discovered three centuries ago.

Physicists have already found four fundamental forces in the universe—the gravitational force, the electromagnetic force and the weak and strong forces. The latter two are perceptible only in subatomic interactions.

The hypothetical Fifth Force works against gravity, depends

on the composition of the object on which it acts and is felt by objects within a range of 200 metres.

Physicists first proposed the existence of a Fifth Force about 20 years ago to account for some queer phenomenon in the world of subatomic particles.

But last year the Fifth Force theory got a fresh impetus when US scientists analysed 60-year-old data of a Hungarian experimenter and declared they had found evidence for the Fifth Force.

The Hungaria scientist, Dr Roland Eotvos, studying the rate of fall of bodies, had concluded that they fall at the same rate. But the US team led by Dr Fischbach Ephraim, said the re-examination showed that bodies made of different materials indeed fall at different rates with the Fifth Force playing a part.

Scientists believe that the different rates show up because the Fifth Force depends on the composition of the bodies on which it acts.

The new force could also explain some unusual results about Newton's law of gravitation which Australian scientists have observed over the last few years deep inside a mineshaft.

/13046

CSO: 4600/1839

## POPULATION SHIFTING TOWARD ZERO-LEVEL GROWTH

Bombay THE TIMES OF INDIA in English 6 Jul 87 p 15

[Text]

NEW DELHI, July 5 (UNI).

THE demographic transition towards zero-level growth has begun in India according to a review by the Planning Commission.

On account of programmes of population control, expansion of education facilities, reduction in infant mortality rates and spread of knowledge under different areas of relevance to the living standards of the common man, it is hypothesised that the demographic transition which took place in other countries has now begun in India, although at a slower pace.

To substantiate this hypothesis, the distribution of population in the age group of children upto 14 and 60 plus has been analysed in the states from 1951 onwards.

The all-India trend in the proportion of the population in the age group 60 plus shows a considerable decline from 1951 to 1961 over the earlier decade, the review noted.

However, from 1961, the proportion of the population in this age-group increased considerably.

State-wise data shows that the population in this age group increased in all states during 1971 as compared to 1961.

Similarly, during 1981 almost all states except Meghalaya, Nagaland, Manipur, Uttar Pradesh and West Bengal, recorded increases in this age group over the figures for 1971.

While Andhra Pradesh, Orissa, Punjab and Rajasthan showed marginal increases, Assam, Bihar, Kerala, Maha-

rashtra and Madhya Pradesh recorded higher increases.

The all-India data shows that during 1971-81, there was a steep decline in the age group of children upto 14 and a considerable increase in the 60 plus age group, indicating the onset of demographic transition, the Planning Commission review noted.

From the data it can be generalised that longevity, as measured in terms of the proportion of population in this age group, was higher during the 1940s. It came down to low levels during 1951-61. The proportion of the number of aged persons has increased substantially as compared to 1971-81.

This trend will continue to improve with the rise of the quality of living and the spread of medical facilities in the country, the review said.

The review also noted that the trend for favourable sex ratio in the age group of children upto 14 would improve substantially by 2000 A.D.

During 1941-1951, Maharashtra, Tamil Nadu and Tripura were in the process of adding to the population in the age group of children upto 14 with high birth rates and somewhat low death rates.

Andhra Pradesh, Orissa, Punjab, and Rajasthan recorded marginal additions to the population in this age group.

However, the net addition was marginal in these states, the review said.

Assam, Karnataka, Kerala, Madhya Pradesh, Uttar Pradesh, West Bengal, Bihar and Gujarat recorded losses in the proportion of population in this age group due to high infant mortality rates.

/13046

CSO: 4600/1840



## BRIEFS

**COFEPOSA ACT EXTENDED**--New Delhi, 3 Jul (PTI)--The President last night promulgated an ordinance further extending for three years, the provisions under Cofeposa Act for detaining smugglers operating in "highly vulnerable areas." The Cofeposa Act, which has been in force since December 19, 1974, provides for preventive detention in certain cases for conservation and augmentation of foreign exchange and to prevent smuggling activities. The period of the provision was due to expire on July 31. The normal period for which any person may be detained is one year from the date of arrest. Since the maximum damage to the national economy is caused by smugglers operating in highly vulnerable areas, the longer period of detention from one to two years under Section 9 of the Act, had proved a good deterrent for smugglers and their associates. [Text] [Calcutta THE TELEGRAPH in English 4 Jul 87 p 6] /9274

**INDO-SOVIET SPORTS PROTOCOL**--Moscow, July 2 (UNI): India and the Soviet Union have signed a protocol on sports cooperation for the year 1987-88 which is expected to give a new impetus to the sports ties between the two countries, reports APN. The protocol, which was signed here yesterday by the minister for sports and youth affairs, Ms Margaret Alva, and the chairman of the USSR State Sports Committee, Mr Marat Gramov, envisages further development of traditional sports ties, including exchange of teams, coaches and specialists and the holding of friendly matches and joint training sessions in a variety of sports. The protocol also envisages Soviet assistance in setting up and equipping a sports centre in Bangalore. The current protocol is the third signed by India and the Soviet Union. [Text] [Calcutta THE TELEGRAPH in English 3 Jul 87 p 11] /13046

**AUTO PARTS TO USSR**--Calcutta, June 26: Chloride India has bagged a Rs 1-crore export order from the Soviet Union for automotive batteries. With this order, Chloride's exports for 1987 goes up to Rs 11 crores, according to a company press release. The release adds that the Soviet Union has been regularly buying automotive, motive power and diesel loco starting batteries from the company. Chloride India happens to be the lone exporter of special, light-weight, polypropylene batteries for cars. It has exported approximately one lakh such units over the last two years. [Excerpt] [Calcutta THE TELEGRAPH in English 27 Jun 87 p 5] /13046

**TRADE WITH PRC**--Beijing, June 25 (PTI)--India again had an adverse \$24.48 million balance on trade with China in a two-way turnover of \$45.02 million January and May this year, according to figures released here today. While

China exported goods worth \$34.75 million to India, its imports from India amounted to only \$10.27 million in the first five months of this year, official Xinhua news agency said. In May alone, Chinese exports to India amounted to \$5.67 million as against imports worth \$2.19 million leaving an adverse balance of \$3.48 million for India. India and China last month signed their second trade protocol envisaging a total trade volume of between \$150 and 200 million between January 1987 and March 1988. [Text] [New Delhi PATRIOT in English 26 Jun 87 p 9] /13046

CSO: 4600/1849

IRAN

SOUTH ASIA

## ARTICLE RELATES NEW CHAPTER IN POWER STRUGGLE

London KEYHAN in Persian 2 Jul 87 p 16

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] The French newspaper LE MONDE, in a detailed report by Jean Gera—who took over this newspaper's coverage of Iranian affairs after Eric Rouleau left—has discussed the dissolution of the Islamic Republican Party, the reasons and consequences of that, and the alignments of the various groups in the Islamic republic in relation to one another. Some of the points discussed in LE MONDE have been printed in the previous two issues of KEYHAN. Here we will summarize the report for readers who are new to the subject.

It was no surprise that the Islamic Republican Party dissolved. Everyone knew that this party was founded in Tehran in 1979 by Ayatollah Beheshti for the purpose of assembling the regime's supporters. However, its meetings gradually turned into private meetings for the regime's officials, where they could fight and contradict one other.

Last March President Khamene'i said that from then on he would take on the task himself of rebuilding a party that no longer exists. However, the view of Majlis speaker Rafsanjan prevailed. The day after the Islamic Republican Party was dissolved he said that there was no reason to continue the party's activities!

Although party members were supporters of the Islamic republic, the various factions had created many problems. For example, in the area of adopting an economic policy, one group favored a state economy, another group favored a free private-sector economy with little government control.

Majlis Speaker Hashemi Rafsanjani supported the first group, Khamene'i was aligned with the second, more liberal group.

Last year both of them asked Ayatollah Khomeyni to excuse one of them from being in the party. Khomeini, however, was willing only to have limitations placed on the party. Last year more than half of the party's offices were closed, but this was not enough and in the end Ayatollah Khomeyni agreed to the dissolution of the party.

One Majlis deputy said this was the last place where they criticized the Islamic republic.

President Khamene'i—who has been in direct competition with Rafsanjani ever since Ayatollah Montazeri's position became unstable—announced his own candidacy some time ago for the coming presidential elections. This person held the title of Preacher of Tabas (a high religious position in Mashhad and one of the right-wing leaders of the Islamic Republican Party). Despite all this, the disappearance of the party worked completely to the advantage of Rafsanjani, because the right-wing religious element—which was supported by the newspaper RESALAT—had become powerful in the bazaar, and from there they had been waging a propaganda campaign against the Speaker of the Majlis and his supporters—especially Mir Hoseyn Musavi.

During the last two years Khamene'i called for the dismissal of Mir Hoseyn Musavi several times, because he considered him responsible for the country's economic disruption.

Nadi Najafabadi—one of Ayatollah Montazeri's confidantes in the Majlis—explains the matter more clearly. He says:

At the beginning of this year prices were rising at the rate of more than 60 percent per year, but the increase in Iran's debt due to the drop in oil revenues made matters worse and it was no longer possible to do anything.

Nadi Najafabadi says: Currently 13 million Iranians are living in total poverty; 32 million other Iranians are in difficult circumstances, surviving through the use of government ration coupons. Only 1.3 million Iranians are living comfortably, making use of the black market, which is thriving very well.

During the last two years more than 750,000 workers have lost their jobs. Factories have closed because there was no foreign exchange to buy raw materials. Whatever existed was used for the war.

In the course of this the hard-liners of the Islamic republic met concerning Majlis Speaker Rafsanjani and Prime Minister Mir Hoseyn Musavi. They believe that the bazaar merchants are responsible for the domestic economic crisis; they are the ones who control the nation's economy, and they have made enormous amounts of money by creating the black market.

In the middle of last month several bazaar merchants were arrested in connection with the rise of gold fever. Because of these arrests, within one week the price of gold coins tripled.

The economic crisis has reached the point that in late April Musavi Ardebili plainly stated to Ayatollah Khomeyni that in Iran's current economic position, it is no longer possible to continue the war. Two days later Hashemi Rafsanjani, Ayatollah Khomeyni's representative on the Supreme Defense Council, announced that since the 'Irangate' defeat it has become extremely difficult to procure arms for the war.

Rafsanjani's remarks are actually the thoughts of a five-person group who have been meeting for some time for the purpose of seizing power. They include Hashemi Rafsanjani, Ahmad Khomeyni, Musavi Ardebili, Khamene'i and Mir Hoseyn Musavi.

However, even the warning by Musavi Ardebili and the comments from the five-person group could not change Ayatollah Khomeyni's mind. He said that there is no other way except to continue the war and overthrow Saddam. He warned: If you cannot attain this goal, step aside and let others take your place.

This is what Khomeyni says, and in the Islamic republic no one is willing to stand against him. The current government of the Islamic republic has been diverted to an impossible mission, which is the restoration of the nation's economy and the continuation of the war, which becomes more costly every day.

9310

CSO: 46400149

IRAN

SOUTH ASIA

## ENORMOUS SALARIES LURE BRITISH CAPTAINS TO GULF

London KEYHAN in Persian 9 Jul 87 p 8

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] In order to transport crude oil from Khark Island to Lark Island, the Islamic republic has recently hired several more large tankers from international firms. The National Iranian Oil Company uses Lark Island as a storage facility for oil. Based on published information from reliable sources, the amount of oil stored at this Island's reservoirs exceeds 3.5 million barrels. In addition to crude oil, the National Iranian Oil Company stores several other petroleum products at this island.

Currently, at least 14 medium- and large-capacity tankers are used for the Islamic republic's maritime petroleum transportation. In addition to these 14 tankers, at least 18 other tankers are engaged in taking crude oil from Khark Island to storage ships or floating storage facilities—which are beyond the Strait of Hormoz and outside the range of Iraqi aircraft.

For protection from attacks by Iraqi aircraft, most of the National Iranian Oil Company's tankers go the Khark Island oil terminals at night, and after loading they go to the Strait of Hormoz, again in the dark of night. Experts say that the number of tankers rented by the Islamic republic is between 30 and 35.

According to the LONDON DAILY TELEGRAPH, bloody clashes in the Persian Gulf have meant that in addition to paying huge amounts of money to rent tankers and pay insurance premiums, the Islamic republic has hired experienced foreign workers and staff at tremendous salaries to work on the tankers. Among these workers, there are a great many Englishmen who had worked for the North Sea Oil Exploration Company.

The above newspaper wrote: When Iraqi pilots and Islamic revolutionary guards attack the tankers in the Persian Gulf, they pay no attention to the nationalities of their crews. Under these conditions, employment in the waters of this region means facing dangers that constantly threaten employee lives. Currently many English workers willingly face these dangers hoping to earn enormous salaries, and have gone to work for the Islamic republic. The most dangerous duties under these conditions are held by the captains of tanker ships and ship's engineers. Some tanker captains earn \$17,000 per month. These captains have the job of guiding the Islamic republic's tankers, and must move the ships from the Khark oil terminal to Lark Island through perilous waters.

Since the start of Iraq's attacks on Khark Island and the expansion of that country's air attacks on oil tankers, the Islamic republic has made use of its oil tankers to move crude oil out of the danger zone to the other side of the Strait of Hormoz for delivery to buyers. The Iraqis have responded to this measure by searching for tankers transporting Iran's oil in the secure areas of the Persian Gulf.

The DAILY TELEGRAPH quotes Gary Blackburn, an English tanker captain, as saying: The crews of these tankers are aware of the extent and nature of the danger in the region, and for this reason the salaries they earn are in accordance with the dangers that threaten their lives.

This captain—who formerly worked in England—went to the waters of the Persian Gulf to earn an unprecedented salary after becoming unemployed. He hopes to earn enough money that the members of his family will be able to live comfortably for years.

In another part of its report, the DAILY TELEGRAPH wrote: A great many English workers who were formerly employed at oil installations in the North Sea are now working on rescue ships in the Persian Gulf.

Experts in explosives are among these people. These workers have the task of disarming unexploded rockets. One of them is a former officer in the British army. He recently succeeded in disarming an Exocet missile which had lodged intact in a tanker's engine compartment.

The DAILY TELEGRAPH added: This expert did not wish to reveal his monthly salary, but a ship's insurance expert said that someone who can disarm an unexploded rocket and save a 50-million-dollar tanker would normally earn an attractive share of the value of this tanker!

9310

CSO: 4640/0142

## HANDMADE RUGS REGAIN LOST EXPORT MARKET

London KEYHAN in Persian 9 Jul 87 p 8

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] Iran's handmade carpet exports increased significantly during 1365 [21 March 1986 - 20 March 1987] over 1364 [21 March 1985 - 20 March 1986]. Based on statistics published by Iranian customs, while in 1364 the value of handmade carpets from the Islamic republic was around 24.4 percent of all non-petroleum exports, this figure increased significantly last year to about 42 percent. The value of all handmade carpets exported from Iran, which was about 10,050,420 thousand rials in 1364, grew to almost three times that figure last year, reaching almost 28,216,586 thousand rials. Market experts cited various policies in the Islamic republic encouraging non-petroleum exports at the chief reason for the increased exports of handmade Iranian carpets.

Currently, West Germany, England, Japan, France and several other countries head the list of nations buying handmade Iranian carpets.

Iran's chamber of commerce, industries and mines publication printed a detailed report on the market for Iranian carpets in West Germany. It said:

Apart from the drop in import prices due to the change in European currency prices against the dollar—including the Mark—the most important change in 1986 with regard to carpets is the renewed success of handmade Iranian carpets on the German market.

The publication added: Overall, Iranian carpet exports to West Germany increased 140 percent in 1986 compared to 1985, and the average price for various Iranian carpets was several percentage points lower than it was in 1985. Only the price of silk carpets increased slightly. With a 35 percent share in the total value of carpets imported by West Germany, Iran once again reached the number one position among countries exporting carpets to this country.

Iran's chamber of commerce, industries and mines publication said: Imports of handmade Iranian carpets with 300 knots increased three-fold, imports of carpets with 350 to 500 knots increased more than two-fold, and carpets with more than 500 knots also increased about two-fold.

The publication added: The quantity of Iranian carpets among carpets imported by West Germany increased from 6.8 percent in 1985 to 14.4 percent in 1986.



The report published by the Iran chamber of commerce, industries and mines publication also said: Despite the gains made by Iranian exports, India kept its first-place position in terms of the quality of carpets imported by West Germany. Although Indian carpets as a whole declined by one percent, they reached a combined total of 1.59 million square meters.

Although the quantity of Indian carpets imported by West Germany reached 28.8 percent of the total and the value of Indian carpets reached 21.2 percent of the total, in the area of medium-quality carpets, which make up most of the country's exports, India lost its first-place position to Iranian carpets. In the area of silk carpets, India, as before, was in second place behind the People's Republic of China with a 30 percent share of the total.

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CSO: 4640/0140

## BRIEFS

**NEW INDUSTRIAL UNIVERSITY**--The president and the deputy chairman of education at the Amir Kabir Industrial University, who have been tasked with assisting in the commissioning of Tafresh University, have held a news conference to outline the objectives of the new university in Tafresh, stating that this small town was chosen because of its proximity to the Saveh, Qazvin, Arak, Hamadan and Qom industrial centers. Tafresh University will offer industrial courses and will have 14 colleges, offering degrees in electrical engineering, computer technology, and industrial development. The university will begin accepting students during the coming scholastic year. [Summary] [Tehran Domestic Service in Persian 0330 GMT 14 Jul 87 NC] /8309

**TELECOMMUNICATIONS MACHINERY MANUFACTURED**--Telecommunications equipment manufactured at factories in Shiraz will help Iran save 750 million dm. This was stated by a factory official during an interview with the Central News Unit. He said that since the revolution 20,000 lines have been allotted to the Iranian Telecommunications Company, and this number will reach 60,000 by the end of the year. He said the factory's most important activity is the manufacture of STD equipment. With the mass production of this equipment, he said, we will save 750 million DM in foreign exchange. He added that after the revolution the Iranian Telecommunications factory decided to achieve self-sufficiency, and effective steps have been taken to this effect, such as the mass production of FX, telephone, and power units. [Summary] [Tehran Domestic Service in Persian 0330 GMT 14 Jul 87 NC] /8309

**KHAZAR CEMENT FACTORY**--The 2,000-metric ton Khazar Cement Factory became operational yesterday in the presence of the minister of industries. The Central News Unit reports that the 30,000 square meter factory, built on a 210-hectare site, was built at a cost of 11.5 rials. An official has stated that the Khazar factory has an output of 2,000 metric tons daily and over 600,000 metric tons annually. He added that once the second production line becomes operational, the factory's daily output will be increased to 4,000 metric tons. The minister of industries stated that the various phases of construction were completed by Iranians, without the help of foreign engineers. He said that 24 cement factories with outputs ranging between 300 to 3,000 metric tons daily are to be constructed in various parts of Iran. Once these units become operational, Iran will be able to export this product. He added that in view of increased production in the country and on the basis of

programmings, 1 million metric tons of cement manufactured in Iran by the end of the current Iranian year will be exported. [Summary] [Tehran Domestic Service in Persian 0330 GMT 15 Jul 87 NC] /8309

NON-OIL EXPORTS TO TURKEY--Ankara, July 15, IRNA--Turkey has approved an appendix to a Tehran-Ankara economic protocol, increasing the volume of Iran-Turkey trade exchanges to two billion dollars annually. According to the appendix, Turkey will import dlr 68 million worth of Iranian dried fruits, minerals, metals, manufactured goods and construction implements. Iran and Turkey signed the protocol in May for cooperation in oil exploration and exploitation, lay of gas pipes, transportation, exploitation of natural resources and communication. [Text] [Tehran IRNA in English 1400 GMT 15 Jul 87 LD] /8309

COMMERCIAL DEALINGS WITH U.K. PUT ON HOLD--As the crisis in political relations between the Islamic Republic and England reached its peak--leading to the recall of diplomats of both nations from Tehran and London--the Islamic republic's Prime Minister Mir Hoseyn Musavi ordered the various ministers not to sign any kind of agreement with British companies. Vaheh Petrosian, economic analysis for the London weekly MIDDLE EAST ECONOMIC DIGEST, wrote a detailed article on the crisis in political relations between Tehran and London. He said: Political observers in Iran have revealed that the prime minister of the Islamic republic has ordered the Ministry of Post, Telegraph and Telephone not to sign a 166-million-dollar contract with the English company [Peles] to build a digital telephone system. Negotiations concerning this contract began some time ago and are now in the final stages. The weekly magazine wrote: Unconfirmed reports state that that Majid Qasemi, president of the Central Bank of Iran, has ordered the banks not to open accounts or issue credit documents for commercial dealings with English companies. The weekly magazine added: Iranian bankers in England, as well as English bankers have announced that if such an order has been issued by the Central Bank of Iran, they have not yet been officially told. Economic observers believe that the prohibition on dealings with English companies is not yet official, but if the crisis deepens this may become official reality. The MIDDLE EAST ECONOMIC DIGEST added: In Iran the possibility of having a religiously binding decree issued by Ayatollah Khomeyni prohibiting the purchase of British goods is being studied. [Text] [London Keyhan in Persian 2 Jul 87 p 8] [London KEYHAN weekly in Persian; founder and publisher Dr. Mesbahzadeh] 9310

INSURANCE COMPANIES BEST CLIENTS--Among the nations of the Persian Gulf, after Iraq the Islamic republic is the largest customer of the international insurance companies. The insurance premiums the Islamic republic paid in 1985 come to 489 million dollars. According to a report by the Swiss Insurance Company--based in Zurich--in 1985 Iraq was the largest payer of insurance premiums in the Persian Gulf, paying a total of 593 million dollars. It is noted in the company's report that because of the unavailability of precise statistics on the insurance premiums paid in 1985 by Saudi Arabia and the United Arab Emirates, these countries were not included in its comparative study. The report says that in 1985 Kuwait was the third largest payer of insurance premiums in the Persian Gulf, after Iraq and the Islamic republic, with payments of 276 million dollars. The economic publication MIDDLE EAST ECONOMIC DIGEST, which quoted the above statistics from the Swiss Insurance Company, wrote: Although the above figures include premiums paid for employment, earnings and life insurance, even so the greater part of the premiums paid by Iraq, the Islamic Republic and Kuwait were for commercial insurance. [Tehran KEYHAN in Persian 9 Jul 87 p 8] [London KEYHAN weekly in Persian; founder and publisher Dr. Mesbahzadeh] [Text] 9310

WHEAT PRODUCTION COMPARED TO LAST YEAR--Wheat production in the Islamic republic in the current 1987-1988 year will be slightly up from the 1985-1986 season. Based on preliminary estimates by the United States Department of Agriculture, the area of wheat under cultivation in the current year in the Islamic republic is about 5.9 million hectares. This represents a 100,000-hectare increase over the area under cultivation in the previous year. In the

year 1985-1986 the Islamic republic produced about 5.9 million tons of wheat. American wheat experts cited abundant rainfall and favorable natural conditions as the reasons for the increase in production of this food item in the Islamic republic this year. The United States Department of Agriculture report said: With the wheat harvest this fall, the Islamic republic will succeed in reducing its wheat imports for the third year running. The United States Department of Agriculture estimated that the Islamic republic's wheat crop would be about 6.2 million tons this year. Agricultural experts believe that if this prediction proves correct, for the current year the Islamic republic will need to import only about 2.2 million tons of wheat. In 1985 the Islamic republic's ministry of agriculture bought about 2.4 million tons of wheat from other countries. The wheat produced that year was about 5.3 million tons. International agricultural experts predict that this year the Islamic republic will buy most of the wheat it needs from Australia and Argentina. These two countries plan to sell between one and 1.6 million tons of wheat to the Islamic republic. [London KEYHAN in Persian 9 Jul 87 p 8] [London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh] [Text] 9310

**DOMESTICALLY NEEDED CEMENT EXPORTED**—With the expansion of cement production units in various parts of the country, the Ministry of Industries of the Islamic republic plans to increase production of this substance to 16 million tons in the current year. In 1365 [21 March 1986 - 20 March 1987] cement production reached about 13 million tons. Rahim Kolahduz, deputy minister of industries of the Islamic republic, announced: So far, the cement produced in the country has been exported to Turkey and Bangladesh. He said that these exports totalled 200,000 tons and are valued at about three million dollars. Economic observers believe that even though domestic demand for cement is now much greater than the quantity produced, even so the Islamic republic, because of its great need for foreign exchange to buy weapons and other needed items, has exported part of its domestic cement production to neighbor nations—especially the nations of the Persian Gulf. Domestic consumption of cement is currently rationed, and its price on the black market is much higher than the government price. Based on statistics given to the media by the deputy minister of industries for the Islamic republic, in the last few years about seven million tons have been added to the country's annual cement production. [London KEYHAN in Persian 9 Jul 87 p 8] [London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh] [Text] 9310

**TRADE WITH INDIA EXPANDED**—The Islamic republic recently submitted an order for 350,000 tons of wheat to the National Indian Trade Company. The value of this order comes to 32.3 million dollars. The wheat purchased must be delivered to the Islamic republic by late December. Islamic republic officials also recently signed another contract with Indian officials for the purchase of 12,000 tons of tea. The tea purchased is worth about 30 million dollars. According to the London economic weekly MIDDLE EAST ECONOMIC DIGEST, last February the Islamic republic agreed to buy various industrial goods from India in exchange for 50 percent of the value of the crude oil that India obtains from Iran. In 1985 India reduced the amount of oil it bought from the Islamic republic to a level below one million tons. The weekly publication added: The reduction in imports by the Islamic republic from India caused India to completely stop buying oil from Iran in 1985. Trade experts believe that despite the possibility of expanded economic relations between Tehran and New Dehli and increased commercial exchanges between the two nations, there are basic differences of opinion between the leaders of the Islamic republic and India over many political matters, especially intervention by the Islamic republic in affairs pertaining to Indian Muslims. [London KEYHAN in Persian 9 Jul 87 p 8] [London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh] [Text] 9310

**RIFT AFTER IRP DISSOLUTION**—While the IRP has been dissolved, through the collusion of Hashemi-Rafsanjani and Ahmad Khomeyni, ministers and echelons who had belonged to the IRP and who were known as Seyyed 'Ali Khamene'i's supporters seem disinclined to cooperate with the Mir Hoseyn Musavi government. Our cocombatants from Tehran report that in the past month a number of ministers have taken sick leave and abstained from attending Cabinet meetings.

It is being said in Tehran that Hashemi-Rafsanjani has instructed Mir Hoseyn Musavi to replace the ministers who support Khamene'i. [Text] [(Clandestine) Voice of the Kavyani Banner of Iran in Persian 1630 GMT 2 Jul 87] /8309

NABAVI TERMED 'TRUE PRIME MINISTER'--Who is the prime minister of the Islamic Republic of Iran? Is it Mir Hoseyn Musavi-Khamene'i? Certainly not. Our cocombatants report from Tehran that Mir Hoseyn Musavi-Khamene'i is prime minister in name only and only that the true prime minister is Behzad Nabavi, minister of heavy industries. Our cocombatants' report asserts that reports by ministers and ministries are received by Nabavi and that it is he who hires or fires deputy ministers, even the directors general of ministries. Our cocombatants say that Nabavi has set up his own secret organizations in all ministries and government institutions and that Mir Hoseyn Musavi can do nothing without Nabavi's permission or approval. Informed sources in Tehran predict that at the first opportunity Nabavi will push the nominal prime minister aside and replace him. As Mir Hoseyn Musavi's government is now shakier than ever before, it is highly possible this forecast will prove correct. [Text] [(Clandestine) Voice of Kavyani Banner in Persian to Iran 1630 GMT 3 Jul 87] /8309

CSO: 4600/265

## ZIA'S YEARS IN POWER ANALYZED

Islamabad THE MUSLIM in English 4, 5 Jul 87

[Two-part serial article by Maleeha Lodhi]

[Part I, 4 Jul 87 pp 1, 8]

[Text]

ISLAMABAD, July 3: Ten years ago, when General Ziaul Haq assumed power in a military coup d'etat - the third in Pakistan's history - few rated his chances of political longevity as high. He himself insisted he was merely a caretaker concerned with holding elections within 90 days. But the stop-gap General turned a ninety-day operation into what looks like a lifetime career, while frequently denying he had any long-term political ambition. General Zia twice promised and cancelled elections (1977 and 1979). His initial indecision and vacillation provoked critics to refer to the initials CMLA (Chief Martial Law Administrator) as standing for Cancel My Last Announcement. In hindsight, however, it seems he developed the apparent indecision involving swift changes of course into a political tactic that constantly kept his political opponents off balance.

Making a political career out of being underestimated, General-cum-President Zia has almost matched the record of the country's longest rule set by Ayub Khan (who governed from Oct. 1958 to March 1969). And he has avoided the mistakes of his military predecessor by not snapping the umbilical cord with the Army, retaining the post of COAS and not building a personality cult around himself.

At several key points of his ten year reign, when his downfall was popularly predicted in the face of political crises, he managed to survive them all - in 1979 following the execution of former Prime Minister Zulfikar Ali Bhutto, in 1981 when the newly formed opposition

alliance MRD began to rally support, in 1983 during the MRD movement, in 1984 following the setback in the Referendum, and in 1986 in the period after Benazir Bhutto's tumultuous return from exile. On two occasions, however, he was dealt a lucky hand - in 1981 with the hijacking of an aircraft to Kabul and in 1983 with the late Indian Prime Minister Mrs. Indira Gandhi's expression of support for the opposition.

Yet the General's political longevity has rested neither on charisma nor popularity. His regime has not succeeded in generating support much less enthusiasm - beyond a narrow constituency comprising the military, the 'new' urban bourgeoisie and big business. And its legitimacy in the eyes of many Pakistanis has remained questionable throughout.

The early years of the regime were marked by a pre-occupation with how to deal with the Bhutto phenomenon. But even after his execution, and some say mainly because of it, the Bhutto name did not lose its political potency. Despite strenuous efforts to counter it the Bhutto factor has remained a powerful force in the country's politics.

While political suppression during Pakistan's most protracted period of martial law (1977-85) was unprecedented, the full force of the state machinery of repression was unleashed only at selected junctures and against carefully chosen targets principally the PPP. General Zia avoided the error of his predecessors in not harming those critical elements

that did not seriously threaten his regime. So while suppression of political opponents has played a part, it is not sufficient to explain why General Zia's rule has endured.

The explanation for General Zia's ten years in power lies in three sets of partially overlapping factors: political, economic and international. On the political front, the General has used a mixture of manipulation and coercion to keep his opponents down; on the economic front the luck factor has worked and internationally he has benefited from a combination of fortuitous circumstances.

A key political factor that has enabled Zia to survive is the firm grip he has maintained over the Armed Forces, which have remained his main constituency. Within the military, General Zia has shown himself to be an adroit manipulator, cleverly easing out potential opponents with a keen sense of timing. His approach has also been to avoid too rapid personnel changes that could have an unsettling effect.

No member of the original 1977 coup team survived the three major reshuffles in the top military hierarchy undertaken in 1980, 1984 and 1987. And any trouble has been nipped in the bud, as with the removal of Major General Tajammal Hussain (still incarcerated in Sahiwal jail), and in 1984 with the arrest of junior military officers on charges of attempting to overthrow the government.

Patronage has kept the senior hierarchy happy as indeed increased spending on defence and the delivery of sophisticated military



hardware, the latter a consequence of General Zia's foreign policy which brought in US military aid. Numerous benefits such as grant of land have been showered on both serving and retiring military personnel. The export of military manpower to many Middle East states has acted as an important safety valve, bringing material benefits to a large number of servicemen, especially through rotation.

On the political front, General Zia has presided over and manipulated the political cleavage between the PPP and non-PPP parties, the division that had paved the way for the 1977 coup. Papered over by the MRD alliance, the basic cleavage has persisted, with the Zia regime exploiting this to divide and scatter the opposition. Playing on the fear of parties loath to see the PPP's return to power, the regime also flattered the PPP's most bitter opponents by including them in cabinets in the earlier years. Ready allies were found in the Jamaat-e-Islami, which critics dubbed the "B" team of Martial Law. Pir Pagara's Muslim League followed suit.

Although fear of the PPP led to repeated postponement of elections, the cooption of non-MRD political groups finally enabled General Zia to hold non-party elections and introduce a soldierly formulation of controlled democracy in 1985. This was the regimes' answer to the problem that had plagued it all along—how to give the appearance of public participation in an election without bringing the PPP to power. While critics carped that this aimed at no more than producing a civilian facade to disguise continued military rule, the 1985 elections did have the effect of muting the growing popular clamour for elections and representative government. Some of the steam building up in the political pressure cooker was released in this way. The respectable voter turnout in the February polls also helped in overcoming the embarrassment of the 1984 Referendum on Islamisation, which was notable more for its banners and bunting than for the casting of votes. Despite this, and the fact that the ballot paper omitted to mention that if Islamisation was endorsed, General Zia would continue as President, he construed this as having 'elected' him for five more years.

In embarking on a process of limited power sharing with acceptable civilians, General Ziaul Haq remained at the apex of the new system. The sweeping constitutional amendments of March 1985 gave him decisive authority as

an all powerful President with a breath taking array of discretionary power. The 'space' of politics was carefully circumscribed before his regime allowed any opening of the political process.

Apart from the classic 'divide-and-rule' tactics, General Zia also benefited from opposition disorganisation and indecision which enabled him to capitalise on their weakness to maintain the political initiative and often keep a jump ahead of them. The opposition has been unable to channel disaffection or to coordinate protests that have erupted sporadically during General Zia's rule on a number of fronts. Often opposition politicians seemed to be behind public opinion rather than leading it. The regime's greatest foe, the PPP, seemed to lack the organisational depth and urban street power to successfully confront the state apparatus. Despite its continuing popularity, the PPP found itself paralysed when its top leadership was repeatedly jailed by the authorities. The paradox that emerged during General Zia's rule was that the country's largest political party, the main contender for power, could not disable the administration through urban protest, whereas smaller, often newer, political groups (like the Muhajir Qaumi Mahaz) demonstrated such a capacity on a localised basis, while not being aspirants for governmental power.

The emergence of more parochial or single issue groups itself reflected the trend toward fragmentation that was a key feature of the latter part of the decade. Such fragmentation, partly a result of martial law, also reinforced General Zia's position. The addition of new political cleavages demonstrated in repeated outbreaks of violent ethnic conflict in Karachi, pitted groups more against each other than against the government. Sectional, ethnic, sectarian and regional friction gradually reduced the political significance of the old PPP-PNA divide, but the multiplicity of political divisions and the resultant lack of a single focus worked to the advantage of the Zia regime.

A relatively buoyant economy has been a significant factor in sustaining the Zia regime. Favourable weather which ensured a succession of good harvests played a key role. So did the Middle East boom which brought in remittances from Pakistani migrants—peaking at \$3 billion in 1983—to prop up the economy as well as provide an outlet for the growing labour force and a safety valve for social unrest. Since part of the remittances were channelled into

certain rural areas of Punjab and the NWFP, they brought prosperity and political calm there. Further benefits accrued from the infusion of large amounts of foreign aid, especially from the US.

Two other factors were also of critical importance: the growth of the service sector and the dramatic expansion of the 'shadow economy'. A thriving service sector, largely a spinoff of the remittances factor, changed the urban social landscape by expanding the size and importance of social groups like the shopkeepers and traders and giving rise to a new money making urban bourgeoisie. This had two political consequences. First, the lopsided development that occurred during the past decade in which the service sector grew much faster than productive sectors meant that the groups which flourished in this period acquired a strong stake in the status quo. This worked to the regime's benefit. The second political consequence flowed from the accompanying spread of consumerist attitudes and values which tended to sedate people's urge toward political participation.

New wealth has also been created by the growing heroin trade. In the past eight years Pakistan emerged as one of the world's largest suppliers of heroin. The flood of illegal drugs money as well as that from the growing arms trade has been instrumental in fuelling the size of the shadow or 'hidden' economy. Conservative estimates put its size at least half that of the 'official' economy. By creating the demand for consumer goods not readily available, remittances have encouraged smuggling, which has also fed the 'shadow' economy. This is epitomised by the mushrooming of 'Baza markets'. The money pumped into this parallel economy has acted as an enormous lubricant to give large numbers of people a sense of economic well-being. Such 'affluence' not only tempered political opposition to Zia's regime, it also contributed to political acquiescence in urban Punjab—the key to political power. The critical political importance of urban centres derives from the maxim of Pakistan's politics: "The countryside may make governments but it is the cities that break them".

International factors too intervened in General Zia's favour, and he vigorously exploited opportunities to his political advantage. The Soviet invasion of Afghanistan in December 1979 was aptly described at the time as Brezhnev's Christmas gift for General Zia. It brought the

Zia regime benefits both domestically and externally. Domestically it provided the rationale for extending martial law and tightening the military's grip over the country. Externally it helped General Zia in mending relations with the US which had deteriorated following President Carter's suspension of aid in April, 1979 and reached a nadir in November 1979 after the burning of the American Embassy in Islamabad. It also brought further extensive economic, military and diplomatic support from the West, which contributed to stabilising the then shaky regime. General Zia enthusiastically accepted Washington's designation of Pakistan as a 'front-line' state, deftly exploiting the advantages this offered. Deeming Pakistan's enhanced geostrategic significance as vital to deter

further Soviet expansion towards the West's oil lifeline in the Persian Gulf especially after the 'loss of Iran', Washington offered a \$ 3.2 billion economic and military aid package to Islamabad for the period 1982-87, with 4.02 billion pledged thereafter. This made Pakistan the largest recipient of American aid after Israel and Egypt. The Afghan card was therefore skilfully used by the Zia regime to consolidate control over the country, even if more recently, the liabilities of its Afghan policy in the shape of the strains of the large refugee presence and frequent bomb blasts in the Frontier may have offset such benefits.

However, this combination of economic, political and international factors that may help to explain the longevity of General Zia's rule does not necessarily imply future durability.

[Part II, 5 Jul 87 pp 1, 8]

[Text]

**ISLAMABAD, July 4:** What have been the main effects of General Ziaul Haq's ten years in power? The decade of his rule has seen the induction of military personnel into Government, administration, the public industrial sector and a wide variety of other fields, including education.

General Zia's military predecessors had limited the Army's direct involvement in governance even under martial law. Moreover during Ayub Khan's rule military officers functioned as junior partners in policy making of the senior civilian bureaucrats. The reverse had been true under General Zia. Not only has the military's penetration of civil society been deeper and more pervasive, but it has lasted for a much longer period. This has meant a more thorough going militarisation, and of larger and more diverse spheres of social and economic activity.

The lifting of martial law a year and a half ago formally ended military rule. But the structures of military rule and influence have yet to be dismantled, even if the military's presence has become less obtrusive. What, above all, reinforces this, is the fact that General Zia continues as Chief of Army Staff as well as being President. In this way even formally, the military remains linked to political power.

The longest period of martial law in the country's history were years of political erosion. The two earlier periods of martial law (1958-62 and 1969-72), though comparatively shorter, hindered the development of democratic institutions, left the country in a state of chaos and were largely responsible for the disintegration of the country in 1971. Although the real costs of martial law under General Zia will probably be counted in the years to come, two deleterious effects are apparent—weakening of the future foundations of civilian rule and the rapid growth of alienation in Sind. Both have serious long-term implications for Pakistan's stability and unity.

The prolonged prohibition on political activity, ban on political parties, assault on the independence of the judiciary, curbs on the Press and academic freedom all served to undermine the institutions of civil society. No previous government, whether military or civilian, thus compromised the foundation of future civilian government so deeply and for so long.

Moreover, given the pre-occupation with retaining power, no real efforts have been directed at dealing with longstanding problems of ethnic tensions regional economic disparities or the gap between the rich and the poor.

The past ten years have witnessed an alarming accentuation of provincial polarisation and especially fanned the flames of nationalist

sentiment in Sind. Long periods of military rule have always tended to sharpen regionalist sentiment because the Army remains predominantly Punjabi. The Government's inability to seriously meet longstanding Sindhi demands and redress grievances such as better representation in the bureaucracy and local administration or equitable sharing of the Indus waters have accentuated the sense of deprivation among Sindhis. The manner in which the 1983 MRD movement was crushed in Sind further embittered Sindhi sentiment. With disaffection in Sind reaching a new tensity, the deployment of the Army in several districts added insult to injury. Political and economic frustration has found expression in militant Sindhi nationalism.

The rapid deterioration of law and order in Sind is largely symptomatic of political alienation and instability. A manifestation of this is the phenomenon of dacoits or bandits. This has assumed dangerous proportions because of the free flow of arms. Indeed the easy availability of sophisticated weapons which is a fallout of the government's policy on the Afghan war has spawned a culture of violence from Karachi to Khyber and fostered an environment of terror. It is ironical that the main *raison d'être* of military-led Governments, the maintenance of law, order, and security is a notable area of official failure.

Violent ethnic clashes in Karachi have also been tearing away



at the national fabric. By not adequately dealing with social and economic frustrations and the problems of a collapsing urban infrastructure in the overcrowded city of Karachi, the responsibility for the worst ethnic violence that the country has witnessed since Partition rests ultimately with the Zia regime. The interaction between several factors—ethnic tension, dacoits, the weapons and drug trade—have produced a lethal mix, and in the long run problems of an intractable kind. Efforts to deal with symptoms rather than causes, have exacerbated problems which the authorities have partly created themselves in the first place.

Ironically, a thriving drug and arms trade have gone hand in hand with attempts to Islamise society. Both out of personal belief, and political expediency (to legitimise his rule), General Zia has tried to enforce a programme of Islamisation. However, instead of acting as a unifying force, this has been divisive. Islamisation, imposed in uncertain, piecemeal fashion from above, in a political vacuum and without a popular consensus behind it has, not surprisingly, produced division and controversy. One illustration of the divisive effect of Zia's version of Islamisation was the 1980 Shia protest against the enforcement of Zakat, which led to the revision of the legislation. Increasingly, even earlier supporters of Islamisation among the religious political parties have been disenchanted by official Islamisation efforts. In not conceding to the religious leadership their demand to have a controlling role in the Islamisation process, Gen. Zia tended to lose their initial goodwill, even if he has managed to retain an appeal to sections of the Mosque. Nonetheless the most spectacular failure of his government has been its inability to convince people that it is genuinely remoulding the country into an Islamic State.

On the economic front too, the record has not matched the regime's claims. General Zia's rule has not produced an economy with the inherent strength of a strong productive base. The apparent 'prosperity' of the 1980's rest on ephemeral foundations. Much of it is based either on a temporary phenomenon (remittances) or an illegal one arising from an enlarged

'shadow' economy. The statistically impressive high economic growth rates (averaging six per cent annually during the Zia years) appear to rest on consumerism, excessive foreign and domestic borrowing and a run down of physical and social assets.

It is well known that Pakistan today is faced with a seriously deteriorating physical and social infrastructure. This is best exemplified by the case of the energy and education sectors. The frequent recourse to 'load shedding' vividly illustrates the acute energy crisis, and there has been a sharp deterioration in the quality of education. One of the principal 'benefits' associated with authoritarian rule is 'stability' that fosters private investment. But even this has not happened under General Zia. Despite a variety of incentives, there has been virtually no new investment in the large scale manufacturing sector. The lack of any new projects means that no industrial base has been built for the future and opportunities have been frittered away.

Spiralling defence expenditures combined with a low savings rate (which reflects not just the 'new' consumerism but official reluctance to take the politically risky course of raising new resources) have produced an economy that is crippled with debt.

This is an explosive legacy for any future civilian government. The phenomenon bears resemblance to what has become a characteristic pattern in many debt-ridden Latin American countries (like Brazil and Argentina). Military Governments run up huge debts, leaving it to civilians to impose unpopular austerity measures. A taste of this was provided by the recent budget debacle, during which the civilian government was left upfront to face the public repercussions of irresponsible government spending in the past.

Spokesmen of the Zia regime often refer to economic growth and political stability as outstanding achievements of the last decade. How meaningful that claim is when economic 'prosperity' rests on shaky foundations and the country has become more politically divided is an open question. The economic and political erosion of the last ten years has left the country a more difficult to govern.

## FORMER MINISTER CRITICIZES FOREIGN, DEFENSE POLICIES

Islamabad THE MUSLIM in English 4 Jul 87 p 8

## [Text]

LAHORE, July 3: Dr. Mubashir Hasan, former Finance Minister of Pakistan has said that in the prevailing political conditions, in the country, "the bullet" has become relevant and ballot irrelevant". He said that the government could not hold elections in the country and as such the existing crisis would further deepen. He said that a new tradition, to use gun for political purposes had developed and the Klashnikov had become the law of land. As the state apparatus had almost collapsed, various armed groups, were fastly gaining ground endangering the very existence of the country.

He said that this political situation had developed due to wrong foreign and defence policies particularly on Afghanistan, adopted by the Government of Pakistan. Now the country was faced with a critical situation similar to that of 1971.

Dr. Mubashir was delivering a lecture on the Afghanistan crisis which was attended by a number of local, senior journalists.

He said that at the start of the Afghanistan crisis, America was funding only 50 to 60 million dollars for the war which had presently shot up to the extent of 600 million dollars. He disclosed that some three or four years ago, the government of Pakistan

allowed 25 missiles, to cross over to Afghanistan, whereas, now 600 missiles were reaching Afghanistan.

He said that with the announcement of the reconciliatory programme by the Afghan Government, America had stepped up war activities in the area. Stinger missiles and British blow pipes had started reaching Afghanistan. As a result of that more air attacks on Pakistan's areas and bomb blasts in the cities had started. He said that Pakistan had to make a radical shift in its policy towards Afghanistan.

Dr. Mubashir said that those Afghan war planes which came on a bombardment mission to Pakistan, were provided air cover by Afghan planes flying at high altitudes.

The logical outcome of this situation, he said would be that Pakistan would have to spend more on defence. The resources are many times short than the expenditure and the government does not have the political power to levy new taxes, as it was forced to withdraw the tax which was originally announced in the budget. He said that the non-development expenditure during the last one year had increased to the extent of Rs. 40 billion. Serious financial and political problems were increasing, he added.

/9274

CSO: 4600/276

PAKISTAN

SOUTH ASIA

JAPAN TO PROVIDE LOAN FOR FOUR PROJECTS

OW060043 Tokyo KYODO in English 0034 GMT 6 Jul 87

[Text] Islamabad, July 6 KYODO--Japan will provide 34,084 million yen for four projects and the import of essential commodities under separate agreements signed here Sunday.

The projects to be financed include construction of a 200 megawatt thermal power station at Bin Qasim port near Karachi at an estimated cost of 15,300 million yen.

A further 4,333 million yen will be provided a dredger and a survey vessel as well as other items to keep clear an 8-kilometer-long channel at the port.

The other projects include 1,900 million yen for a telex expansion program and 1,551 million yen for restoration work and improvements to a canal in Baluchistan.

The remaining 11,000 million yen will be provided to finance the import of essential commodities from any developing country or countries belonging to the organization for economic cooperation and development.

Japanese Embassy officials in Islamabad said the Bin Qasim thermal power station is the second power project currently being financed in Pakistan with Japanese assistance. The Japanese company Mitsubishi is already engaged in the construction of a 250 megawatt thermal power station at Jam Shoro in Sind.

They said the Japanese loan agreements signed Sunday provide for repayment in 30 years at an interest rate of 2.75 percent.

The agreements were signed by Japanese ambassador Kenichi Yanagi and m.a.g.m. Akhtar, secretary at the economic affairs division on behalf of their respective governments.

/8309

CSO: 4600/262

## BRIEFS

FRENCH PARLIAMENTARY DELEGATION--The visiting 6-member French parliamentary delegation led by (Mosio Iris Devaniya) called on President Mohammad Ziaul Haq in Rawalpindi yesterday evening. They exchanged views on bilateral issues, the latest situation in Afghanistan, and other matters of mutual interest. Senate Chairman Ghulam Ishaq Khan, Foreign Minister Sahabzada Yaqub Khan, Justice and Parliamentary Affairs Minister Wasim Sajjad, and Deputy Speaker of the National Assembly (Sardar Wazir Ahmed Jogazai), were also present at the meeting. [Text] [Karachi Domestic Service in Urdu 0200 GMT 9 Jul 87] /8309

JAPANESE COMMODITY LOAN--Japan has pledged over \$235 million in commodity and project loans to Pakistan on concessional terms. Notes to this effect were exchanged in Islamabad today between the Japanese ambassador, Mr Kenichi Yanagi, and the secretary, Economic Affairs Division, Mr M.A.G.M Akhtar. [Text] [Karachi Overseas Service in English 0800 GMT 5 Jul 87 BK] /8309

AGREEMENT WITH ALGERIA--Pakistan and Algeria have signed an agreement in Algiers to establish a joint commission for cooperation in trade, economic, cultural, scientific and technical fields. The agreement was signed by Federal Commerce Minister Dr Mahbubul Haq on behalf of Pakistan and Algerian Minister for Posts and Telecommunications Mostefa Benzaza on behalf of his country. Later, the Algerian minister expressed the hope that the signing of the agreement will further strengthen friendly relations and expand cooperation between two countries. [Excerpt] [Karachi Domestic Service in Urdu 1500 GMT 7 Jul 87 BK] /8309

ASIAWEEK REPORTER TAKEN INTO CUSTODY--Islamabad, July 2 (AFP)--A journalist for ASIAWEEK magazine was held by Pakistani forces on the border with Afghanistan, who suspected him of illegal entry into Pakistan, correspondents and diplomats here said Thursday. They said Anthony Davis, an Australian based in Bangkok, was taken into custody for questioning late last month after either leaving for or returning from a reporting assignment with Moslem guerrillas in Afghanistan. Mr Davis, a correspondent for the Hong Kong-based weekly was held by paramilitary forces in the border town of Chaman north of Quetta in southwestern Pakistan, the diplomats and journalists here said. They said the Pakistani authorities had given assurances that Mr Davis would be freed soon. [Text] [Hong Kong AFP in English 1104 GMT 2 Jul 87] /8309

AGROBASED COOPERATION AGREEMENT WITH DPRK--The Democratic People's Republic of Korea has offered to provide design and technical know-how in machinery to make straw bags from rice and wheat straw. An agreed minute to this effect was signed by the prime minister's special adviser on food and agriculture, S. Aziz, and vice minister for external economic affairs of the DPRK Yi Ki-son in Islamabad yesterday. The two countries also agreed to cooperate in production of different agricultural machines and transfer of technology for boosting rice yield. Agreement has also been reached on increasing shrimp production in Sind and Punjab. [Text] [Karachi Domestic Service in Urdu 0200 GMT 3 Jul 87] /8309

CSO: 4600/262

- END -

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